Austria	Sch22	Indonesia	Rp3100	Oman	Or 1
Bahrain	Din0.700	Iran	Ris210	Philippines	Pso40
Belgium	BFr50	Israel	IS3.50	Portugal	Esc140
Cyprus	C£0.90	Italy	L2000	Qatar	Qr9.50
Denmark	DKr10.00	Jordan	Fils1000	S.Arabia	Rls7.00
Egypt	E£3.25	Kuwait	Fils.500	Singapore	S$4.10
Finland	Fmk7.00	Lebanon	£1,400.00	Spain	Pta145
France	FFr7.00	Lux	LFr50	Sweden	SKr10
Germany	DM2.30	Malaysia	Rin4.25	Switz	SFr2.40
Greece	Dr150	Morocco	Dh6.00	Thailand	Bht50
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.800
Iceland	Kr125	Nigeria	Naira10	Turkey	L1200
India	Rup15	Norway	Nkr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

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CZECHOSLOVAKIA

Grappling with a new autonomy

Page 12

World News

Kuala Lumpur summit split over pressure on Pretoria

Britain and its Commonwealth partners in Kuala Lumpur were split over an Australian plan for developing new financial pressures on Pretoria.

The announcement that South Africa had negotiated an agreement to reschedule $8bn of its debt has dismayed the majority of member countries. Page 18

UK-Argentina ties

Argentina and Britain took the first formal diplomatic steps to heal the scars caused by the 1982 Falklands conflict by agreeing to re-establish consular relations. Page 18

Arrests in Prague

Police in Prague broke up an international meeting on human rights, arresting Czechoslovakia's former foreign minister, Jiri Hayek, and detaining Jeri Laber, a US rights activist. Page 2

Convictions quashed

The three Irishmen and one Englishwoman, sentenced to life imprisonment in 1975 for the Guildford and Woolwich pub bombings had their convictions quashed by the Court of Appeal in London. Page 7

Soviets halt reactors

Soviet authorities, reassessing nuclear safety policies, have halted construction of two Chernobyl-type nuclear reactors and are reconsidering the future of 12 others, a senior nuclear expert said.

Hungarian reform

Hungary formally legalised opposition political parties, voting overwhelmingly to end more than four decades of one-party rule. Page 2

Setback for Singh

The Indian opposition leader V.P. Singh, suffered a further reverse when Hindu militants rejected his appeal to call off a march he sees as damaging to opposition unity. Page 4

Australian claim

Australia's Labor government claimed to have found a $657m "hole" in the costings of the opposition coalition's week-old tax and spending platform for the next election. Page 4

Brazilian threat

The impeachment of Brazil's best-known crusader for clean local government may undermine the election chances of her party leader. Page 6

Aid for Poland

Italy will make a bilateral offer of $400m of export credits to Poland when the premiers of the two countries meet in Rome over the next two days. Page 2

Warsaw Pact plan

The Warsaw Pact presented proposals to the Conventional Forces in Europe (CFE) talks aimed at strengthening the exchange of information. Page 2

US withdrawal

An accelerated withdrawal of American military dependents from Panama is being considered by the US Government. Page 6

Magazine victory

Private Eye, the UK satirical magazine, won its appeal against the record $948,000 libel damages awarded to Sonia Sutcliffe, the estranged wife of the murderer known as the Yorkshire Ripper. Page 7

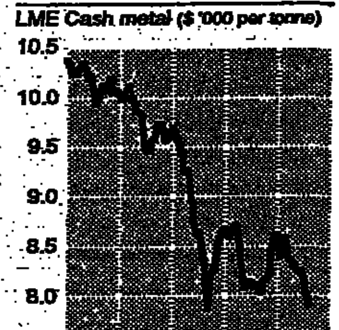
Business Summary

Small rise in US prices welcomed by White House

US consumer prices rose only 0.2 per cent in September, half the expected increase. The news was welcomed by the White House and in the markets. Page 18

TIN prices continued to tumble on the London Metal Exchange

Tin



to the lowest level seen since the contract was relaunched by the LME. Page 34

BANKAMERICA, San Francisco banking group which almost failed in the mid-1980s, reported strong earnings growth in the third quarter. Page 19

RUPERT Murdoch, Australian publishing magnate, has co-launched a merchant bank, Marriott Moore, with banker Rupert Hambro. Page 19

HAYS, UK business services group, said only 8 per cent of the shares sold in the $262m new issue were taken up as British investors shunned the offer. Page 19

BAT Industries, threatened tobacco-based industrial group, ordered its stockbrokers to start buying its shares after an extraordinary general meeting. Page 19

MOTT McDonald, London-based engineering group, has joined the hunt for skilled workers from among East Germans fleeing over the Hungarian border and on to West Germany. Page 2

CHEMICAL Bank of the US announced it had completed syndication of the senior debt which is partly financing the buy-out of troubled hospital group American Medical International by IMA Acquisition. Page 22

UK CONSORTIUM including Midland Bank, the Hanson Group, Trafalgar House, BAA and the Carroll Group, will seek planning a $16m heliport in London. Page 8

AMSTRAD, UK consumer electronics group, confirmed details of a board reshuffle linked to its new corporate structure. Page 27

SWISS National Bank issued a warning about the enthusiasm for Swiss bonds linked to Japanese equities. Page 24, Economy heating, Page 2

OLIVETTI, Italian manufacturer of computers and office equipment, launched a new family of high performance machines. Page 20

AMR, parent of American Airlines and recent takeover target, reported disappointing third quarter earnings and projected weaker results in the fourth quarter. Page 22

METALLGESELLSCHAFT, West German metals conglomerate, has taken a 25 per cent stake in Spainish stockbroking companies, Bravo y Garayalde. Page 20

MEXICAN president Carlos Salinas de Gortari said Mexico's economy was now expected to grow by 3 per cent in 1989. Page 6

ICI, world's largest paint manufacturer, gained its first foothold in the Soviet market, through a joint venture in Leningrad. Page 3

San Franciscans slip into post-quake trauma

By Lionel Barber in Oakland

INITIAL RELIEF among residents of the San Francisco Bay area has given way to a stunned comprehension of the long-term damage caused by Tuesday's earthquake.

Official estimates of insured damage rose yesterday to $3bn, excluding the cost of repairing roads, bridges and other uninsured structures.

"It's the western version of Hurricane Hugo," said Mr Richard Ross Jr, the assistant state insurance commissioner, comparing the 30 second earthquake to the devastation wrought on South Carolina earlier this year.

While residents of the San Francisco Bay area boast a breezy familiarity with earthquakes, they are clearly in a state of shock.

The signs are everywhere: local newspapers offering psychological advice on how families and pets should deal with post-quake trauma; the constant barrage of advice on travel routes offered by numerous radio stations broadcasting round-the-clock earthquake news; and most striking of all – the now evacuated Marina district whose multi-million dollar homes and swish up-market clothes shops were blow-torched by a gas explosion on Tuesday evening.

As he toured the area with dozens of reporters and cameramen on Wednesday, Mayor Art Agnos of San Francisco said 60 buildings in the Marina area would have to be demolished and the cost of the damage could be as high as $2bn. Power cuts could last as long as 16 weeks, he said.

The other visible sign of damage is the crippled Bay Bridge, the backbone of the huge Bay area metropolis which, until the quake struck, carried more than 500,000 cars on a routine business day. It could take three weeks to repair the bridge, whose upper deck collapsed onto the lower – and that could be overly ambitious, says Caltrans, the state transportation authority.

Yesterday, commuters were struggling over the other bridges across the Bay, the San Matteo, the Dumbarton, and the Golden Gate which, though built during the Great Depression, withstood Tuesday's quake. Despite advice to commuters to use Bart (Bay Area Rapid Transit), people seemed a little wary of using the Bart tunnel underneath the Bay.

In Oakland, the focus is on the Nimitz freeway, where more than 200 people were killed when the upper deck folded like a pancake and crushed dozens of cars on the lower deck. Hope of survivors faded yesterday, and officials are trying to work out how to compensate for the loss of this main road artery which could take months to repair.

A further distraction is the revelation that state officials have known for more than 10 years that the collapsed stretch of freeway had an outdated design which made it vulnerable to shock waves.

Oakland, often described as a poor neighbour of San Francisco, has suffered the greatest number of casualties and widespread damage without receiving the same level of attention. City Hall, for example, will be out of action for 60 days and the buildings are pitted with dents, cracks and broken windows, as if peppered by a tank on a local tour.

On the other side of the bay, network reporters and cameramen were cruising in stretched limousines, filming the damage in the wealthy financial district.

Details, Page 6

East Germany's new leader strives to restore confidence

By Leslie Colitt in Berlin

EAST GERMANY'S new leader, Mr Egon Krenz, yesterday threw himself into a round of meetings with factory workers and Protestant Church leaders in an attempt to convince a sceptical and restive population that he intends to make important changes.

The meeting with workers at the key "October 7" machine tool factory in East Berlin took place amid rising demands by workers for the lifting of travel restrictions and for political and economic reforms.

Mr Krenz later met the senior Protestant churchman, Bishop Werner Leich, in an attempt to convince the Church to withdraw its support for opposition groups which want radical reforms. A communiqué issued afterwards said both sides wished to "preserve" East Germany and had "more in common" than divided them.

Confidence had to be created and no one could be excluded from an "honest dialogue" which, however, would be endangered by "rash actions." This was an obvious warning against militancy on the part of the opposition.

BZ am Abend, East Berlin's evening newspaper, last night said that citizens should not "expect miracles" from the new leadership's promise to liberalise travel to the West.

The official news agency, ADN, said Mr Krenz yesterday spoke with ordinary workers and then held a meeting with 50 Party and official trade union representatives. The discussion ranged from the "active participation" of workers in solving political and economic problems, to "sharp criticism" over shortcomings and the need for improved performance and quality.

East Germany's most prominent researcher, Mr Manfred von Ardenne, 82, a physicist, told a meeting in Dresden that only "wide-ranging reforms" could halt falling industrial productivity. He advocated a departure from the over-centralised planned economy and said smaller and medium-sized factories were needed. Virtually all of East German industry was organised into giant Kombinate, vertical trusts, under Mr Günter Mittag, the economic chief who was deposed on Wednesday along with Mr Erich Honecker, the Party leader.

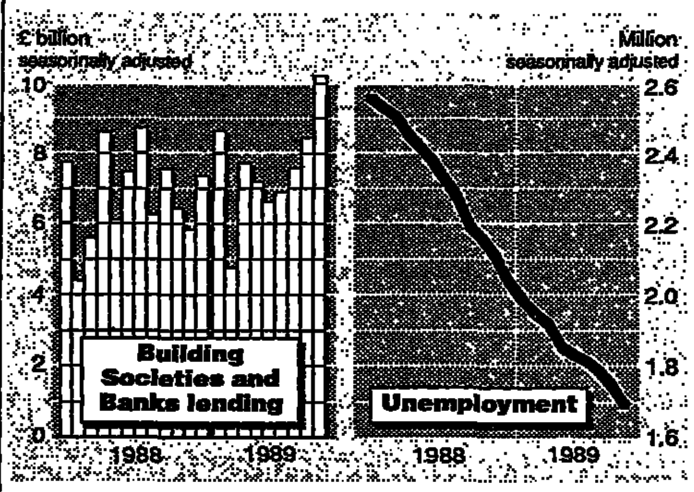
Bishop Leich recently urged the Party to introduce sweeping political reforms if it did not want to risk further unrest.

Mr Manfred Stolpe, the Church's senior lay official who also attended the talks, said "miracles" could not be expected from Mr Krenz who had inherited a "heavy legacy."

Mr Krenz's predecessor enjoyed good relations with the Church until last year when it began to speak out more openly about the need for reforms. Now, however, the Church faces a situation in which much of the organised opposition is slipping out of its control. At the same time, militant young pastors who are often critical of the cautious church leadership enjoy a wide following in Saxony and elsewhere.

Continued on Page 18

Genscher calls for fundamental reform, Page 4



Lawson defends his economic policies

By Peter Norman, Simon Holberton and Patrick Harverson in London

MR NIGEL LAWSON, Britain's Chancellor of the Exchequer, last night issued an uncompromising defence of his monetary policies as figures showing high bank lending and a big fall in unemployment cast doubt over the economy's sensitivity to high interest rates.

In his annual Mansion House speech for bankers and merchants of the City of London, Mr Lawson also announced changes to the Government's funding policy. If successful, these could have far reaching implications for the structure of the government securities market.

He underlined the importance of M0, the narrow measure of monetary growth, and the exchange rate in determining interest rates. The Government could not allow the rigour of monetary policy to be undermined by exchange rate weakness and this meant interest rates "will have to remain high for some time to come."

The figures released yesterday showed that lending by banks and building societies – which lend to home-buyers – rose a record £10.2bn ($16.2bn) in September. Banks said the growth was broadly based throughout industry but subdued in the personal sector.

The increase compared with £8.4bn in August and an average for the past six months of £7.4bn. Officials barely disguised their disappointment with the continued strong growth in lending, and some questioned the economy's responsiveness to high rates.

Growth in the narrow M0 measure of money supply, appeared to come back within the Treasury's 1 to 5 per cent annual target range last month. M0, which includes mostly cash in circulation, was 4.5 per cent higher than September 1988, but the Bank of England said the rise was about 5.3 per cent after taking

Continued on Page 18

Bankers at Mansion House, Lawson and Howe repudiate Walters' view of EMS, Page 7; wage costs higher, Page 8

Gorbachev ousts the editor of Pravda

By Quentin Peel in Moscow

MR Viktor Afanasyev, editor of the Soviet Communist Party newspaper Pravda and a bastion of the conservative establishment in the Soviet party, has been removed to make way for one of Mr Mikhail Gorbachev's close political advisers.

After 13 years in the post, Mr Afanasyev, 66, has been replaced by Mr Ivan Frolov, 60, one of the four men working as aides in the Soviet leader's political "cabinet."

Mr Frolov is expected to bring the party's mouthpiece back into the mainstream of support for continuing reforms in Soviet society.

The move marks a startling coup for Mr Gorbachev. He is removing one of the most entrenched survivors of the old regime.

Mr Afanasyev's departure will be announced officially in today's newspaper, according to a Pravda spokesman. He will leave to take up an appointment at the Academy of Sciences, although his age clearly puts him in line for retirement.

The coup still leaves unclear the position of a leading reformist editor, Mr Vladislav Starkov of the mass-circulation weekly Argumenti i Fakti. Mr Gorbachev last week is reported to have demanded his resignation in a closed meeting with Soviet newspaper editors.

Observers in Moscow believe Mr Gorbachev's attack on the ill-fated on Mr Starkov in particular, was a smokescreen for his real target, who was Mr Afanasyev at Pravda, flagship of the Soviet Communist press.

Mr Starkov, however, refused to quit and yesterday gave his approval to the final proofs of the weekly edition as normal.

Since Mr Gorbachev's accession in 1985, Pravda has pursued an erratic line between conservatism and reform, occasionally delivering startling diatribes against more radical manifestations of change.

Under Mr Afanasyev's editorship, Pravda's circulation has been falling – subscriptions for the coming year have slumped by as much as two-thirds – while Argumenti i Fakti is the single most popular publication, and plans to increase its print run from 20m to 30m in 1990.

Mr Frolov was a contemporary of the Soviet leader at Moscow University in the early 1950s, where he graduated in philosophy, eventually becoming editor of the magazine Questions of Philosophy.

Hungary legalises opposition parties, Page 2

Hongkong and Shanghai Bank studies reserves disclosure plan

By John Elliott in Hong Kong

ONE of Hong Kong's best kept corporate secrets is likely to be revealed next year. Hongkong and Shanghai Banking Corporation, the territory's biggest bank, disclosed yesterday that it was studying a provisional plan to make public the size of its substantial inner reserves.

"It is very probable in the not too distant future that there will be fuller disclosure," Mr William Purves, the bank's chairman, said. "I think there is some merit in having hidden reserves, but the international trend is such that if the authorities are in favour we will move in that direction willingly."

This appears to be part of a strategy to bring the bank into line with international practice at a time when it is preparing for China's resumption of sovereignty over Hong Kong in 1997. Two months ago it modernised its statutory framework to come within Hong Kong's company law.

A decision to go for reserves' disclosure could gradually lead to other Hong Kong banks ending their practice of keeping their reserves and annual transfers secret. "We wouldn't mind doing it ourselves if other institutions went for full disclosure," Mr David Li, chief executive of Bank of East Asia, the colony's largest family-controlled bank, said last night.

The practice, which is protected by local law, has been supported by the Hong Kong Government because of the risk of poor results starting a run on banks' funds.

Local analysts have put the size of Hongkong Bank's reserves at about HK$20bn ($2.56bn), with a top estimate of HK$30bn. This compares with published figures of HK$35.9bn for shareholders' funds and almost HK$60bn for capital resources, including loans at the end of 1988. Profits for 1988 were HK$4.3bn after tax and undisclosed transfers to the inner reserves.

No final decision about revealing the reserves has been taken, but there are several reasons for such a move which would involve opening up both the full reserves and transfers. Mr Purves referred to Europe's 1992 developments, including plans by Swiss and West German banks to start some disclosure.

Another reason for an early move is the bank's relationship with the UK's Midland Bank in which it holds a 14.9 per cent stake. This holding is frozen until the end of next year unless both parties agree otherwise. Hongkong Bank will probably decide whether to go for a bigger Midland stake soon after Midland's annual results are published next spring. A full merger would require full disclosure.

Mr Purves wants to build the bank into a more broadly based international institution and this has special significance in advance of 1997. Although he would not comment, the most widely discussed possible merger formula is creation of a holding company for both banks.

MARKETS

STERLING
New York lunchtime:
$1.5975
London:
$1.5940 (1.5885)
DM2.9525 (2.945)
FFr10.0225 (10.00)
SFr2.5875 (2.5825)
Y226.25 (225.00)
£ Index 89.6 (89.3)

GOLD
New York: Comex Dec
$370.7
London:
$368.75 (368.25)

N SEA OIL (Argus)
Brent 15-day Nov
$19.375 (−0.15)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.8485
FFr6.2785
SFr1.6195
Y141.65
London:
DM1.8520 (1.8535)
FFr6.2875 (6.295)
SFr1.6235 (1.626)
Y141.95 (141.65)
$ Index 69.6 (69.7)
Tokyo close: 141.55

US LUNCHTIME RATES
Fed Funds $8\frac{11}{16}$
3-mo Treasury Bills:
yield: 7.61%
Long Bond:
$100\frac{23}{32}$
yield: 7.97%

STOCK INDICES
FT-SE 100:
2,189.3 (+19.2)
FT Ordinary:
1,772.1 (+13.6)
FT-A All-Share:
1,100.15 (+1.0%)
New York lunchtime:
DJ Ind. Av.
2,676.61 (+31.96)
S&P Comp
346.02
Tokyo: Nikkei
35,374.22 (+266.66)

LONDON MONEY
3-month Interbank:
closing $15\frac{1}{32}$ (15)
Liffe long gilt future:
Dec $92\frac{15}{32}$ ($93\frac{1}{32}$)

MARKET REPORTS: CURRENCIES, Page 42; BONDS, Pages 24,25; COMMODITIES, Page 34; EQUITIES, Page 35 (London), 46 (World)

CONTENTS

Mexico's new President skips down the path to deregulation

A year ago, President Salinas of Mexico was said to lack stature and looked vulnerable to being toppled. But today his speedy agenda for freeing up the economy is bearing fruit, and wrong-footing his opponents. Page 16

Bonn offers E Germany prospect of big credits

By David Marsh in Bonn

THE BONN Economics Minister, Mr Helmut Haussmann, yesterday said East Germany could benefit from "considerable" West German credits if it took drastic steps to overhaul its rigid centrally planned economy.

In an unusually detailed list of prescriptions, Mr Haussmann said yesterday that the removal on Wednesday of Mr Günter Mittag, East Berlin's long-standing economic supremo, showed the leadership now saw the shortcomings of the economic system.

He urged East Germany to take the opportunity to improve economic flexibility, boost supplies of consumer goods and start joint ventures with Western companies. He declared he was ready to hold talks "as soon as possible" with Mr Mittag's successor – who has not yet been named.

Mr Haussmann spelled out the forms of economic help which Chancellor Helmut Kohl has promised East Germany in the event of political reforms. Areas for co-operation included consumer and investment goods, research and technology and management training. The Federal Republic would be able to offer "considerable credit possibilities" for such programmes, he said.

West Germany was also ready to consider further trade liberalisation in addition to the advantages East Germany enjoyed through indirect access to EC markets, he said.

He warned, however, that the East Germans needed themselves to cut back hindrances to trade and give more information on business possibilities, and permit direct contacts with their factories.

Mr Haussmann said productivity in East Germany was roughly 50 per cent below West Germany's. Absence of market-orientated measures – including an unrealistic price system and rigid production goals – had curbed investment and innovation and produced a "desolate infrastructure."

Mr Genscher pictured at yesterday's Frankfurt conference with Mr Harry Ott, East Germany's deputy Foreign Minister (right) and EWSS president John Edwin Mroz

Genscher calls for fundamental reform in East Germany

By Edward Mortimer in Frankfurt

THE West German Foreign Minister, Mr Hans-Dietrich Genscher, gave a blunt warning yesterday to East Germany's new leaders that they must introduce "fundamental reforms." The East German people, he said, would "judge the new leadership by how determined and consistent it is in following the path of reform."

Mr Genscher disclaimed any intention to interfere in the internal affairs of the German Democratic Republic. "But," he said, "we do want the people in the GDR to be able to get involved in the internal affairs of the state in which they live. What a person does with his newly-won freedom is entirely his own affair."

Speaking in the symbolic setting of St Paul's Church, Frankfurt, where the first German National Assembly met in 1848, Mr Genscher declared that "40 years of division have not made two Europes, nor two German nations." There was, he said, "neither a capitalist nor a socialist German nation. We as a nation are bound together, not only by our common history, culture, language and responsibility, but by our desire for freedom, democracy and human rights."

The East Germans were "posing the question of freedom . . . This honours the whole, indivisible nation."

Mr Genscher, who attracted some criticism from his Western allies, with his call, nearly three years ago, to "take Gorbachev at his word," yesterday expressed satisfaction that "today everybody takes Mr Gorbachev and his reform policy seriously." It was now, he said, "merely a question of how to proceed."

The European Community should "respond with imagination and flexibility" to the expectations of those East European states which "have begun to restructure their political and economic systems."

He told his audience of Western and Eastern security experts there would not be "a separate German course. Our policy will not be de-Europeanised." On the contrary, he stressed West Germany's contribution to European integration, its backing for Mr Jacques Delors, the European Commission president, and its "determination to achieve European union," promising to judge the commitment of other member states (a sidelong reference to Britain) by their attitude to economic and monetary union and to the social charter.

Mr Genscher was opening the conference of the New York-based Institute of East-West Security Studies, an annual event which last year was held at Potsdam in East Germany. Mr Oskar Fischer, the East German Foreign Minister, had also been due to speak yesterday. But, not surprisingly in the circumstances, he had decided to stay at home.

UK company looks for recruits

By David Goodhart in Bonn

A BRITISH company has joined the hunt for skilled workers from among the thousands of East Germans still fleeing illegally over the Hungarian border and on to West Germany.

The London-based engineering group Mott McDonald has been advertising for "motivated young men and women" in the local paper in Passau, where most of the East Germans arrive, and whose paper has become a jobs vacant list for West German industry.

Once the East German refugees have received their West German passport they are allowed to travel and work in any European Community country, so that coming to Britain would be quite simple.

Other countries in the English-speaking world, particularly Australia and Canada, have also been offering special immigration packages for East Germans who want to escape Europe completely.

The flow of East Germans fleeing their country did not let up in the 24 hours after the announcement of the leadership change. In the 24 hours to midday yesterday a further 1,900 came over the Hungarian border, bringing to about 50,000 the total number who have left illegally through Hungary since the border was opened at the beginning of September.

Krenz advent does nothing to change refugees' minds

By David Marsh in Bonn

AT No.65 Rochusstrasse in the Bonn suburb of Duisdorf, a former Defence Ministry building converted into a temporary home for East European emigres, Mr Egon Krenz is not a popular man.

Reaction there yesterday from East Germans who have recently fled to the West was that the country's new leader was highly unlikely to carry out genuine reforms. Having just turned their backs on communism, the East Germans interviewed in their cramped temporary quarters are necessarily biased. None the less, their comments do not suggest that Mr Krenz will enjoy much of a honeymoon period.

"The choice they have made is not the best. He (Krenz) is another tough Stalinist," says Cornelia Graetz, a singer and percussion player from East Berlin. Along with 420 other emigre Germans from the Soviet Union, Poland and East Germany, she and her husband are camping in the building while waiting to move.

Cornelia absconded during a trip to the West with an East Berlin band. She has got a job from January 1 with a Düsseldorf show band, and her husband is starting in the catering trade. She says she has found unexpected sympathy from people in the West.

"From Krenz's first speech (on Wednesday evening) I don't think we can reckon with reforms," Cornelia says. "He is talking about the leadership role of the SED (the Socialist Unity Party). "The people don't want that . . . They will continue to go on the streets."

She adds: "Five years ago, no one in East Germany would have dared to go out shouting 'We are the people' . . . There are moments when I would like to be back there with them."

Andrea Hofmann is a single mother from Dresden with a three-year-old son. She arrived on July 27 after a lengthy period of difficulties over her lodging of an exit application. "Krenz is not well liked. He is rumoured to be an alcoholic. He is not credible – he is just trying to hold on to power."

She admits she misses Dresden and her friends, but not the way the authorities "perpetually keep tabs on you." She left because "I was against the regime, against the system. I was pregnant, but I couldn't get a flat." Not everything is roses in West Germany. She says there is little chance that she will find a job similar to her work as a technician in Dresden polytechnic.

Marion Salmov is a former bank employee from the Potsdam area. She remained in the West with her husband, eight-year-old son Oliver and her sister during an authorised visit to see her mother in August. They left behind a house in the GDR. Marion says she is "apolitical". She says she objected above all to the "militant" schooling system.

Marion will soon go on a 10-month computer course to retrain as a bank employee. Her husband has found a job as a bus driver. Oliver likes his school. A keen cook, Marion enthuses about the variety in West German food stores. "Here it is normal for children to eat peaches and bananas" – a reminder to Mr Krenz of some of the very basic things which will have to change if the East Germans are to stay.

Leipzig protests point the way for disaffected East Germans

Leslie Colitt reports on the powerful pressures building up on the country's streets

EAST GERMANY'S new leader, Mr Egon Krenz, went into the factories of East Berlin yesterday to try to stave off the phenomenon that might one day be his undoing. That phenomenon was demonstrated by East Germans who took to the streets of Leipzig, Dresden and other industrial centres this week to make known their demands. If the unrest spreads northwards to East Berlin, Mr Krenz will have a full-blown crisis on his hands.

The 100,000 protesters who marched peacefully through Leipzig on Monday taught their fellow East Germans a lesson which will not easily be forgotten. The growing mass protests each week in East Germany's second largest city played an important part in the ousting of Mr Erich Honecker. His successor will have to produce more than superficial reforms in order to placate the aroused citizens in East Germany's industrial heartland of Saxony.

The crowd which gathered at four churches in Leipzig last Monday jeered at official leaflets calling on them not to demonstrate: "Dialogue, calm, togetherness – that is the way!" they were told.

Loudspeakers in the city centre broadcast non-stop appeals by officials and prominent citizens warning that the street was not the place to solve the problems of East Germany.

But the protesters, a cross-section of East German society, were in command of the streets and were no longer listening. "We need a total renewal and this is the start of it," a Leipzig engineer said. He and the other demonstrators walked 20-abreast on the wide Ring boulevard around the Old Town. For the first time, banners were unfurled calling for freedom of assembly and free elections.

Mr Krenz promised in his first speech as party leader on Wednesday that travel would be liberalised but could offer little else in the way of political reforms. His mention of the "inevitability of the victory of socialism" was scarcely calculated to win him supporters among people in Leipzig who were chanting "We are the people" and "Democracy now."

Repeated calls for the authorities to legalise New Forum, the largest opposition group, were among the milder demands.

What kind of socialism did the protesters want? I asked a middle-aged chemical worker from nearby Bitterfeld. "We don't want this kind," he replied. "Most people want free elections and then we'll see what type of system they choose," he said ignoring all the niceties of the division of Germany.

Pastor Christoph Wonneberger, the militant 45-year-old opposition guru of Saxony – the southern region including Leipzig and Dresden – said many people "no longer believe words" and sensed the party was using delaying tactics. Their dismay at Mr Krenz's first speech indicated that the demonstrations would continue, he said yesterday.

Pastor Wonneberger was among the 22 representatives of citizens groups who last week met city officials who were instructed by East Berlin to conduct a dialogue with the disaffected population.

"It was more of a hearing," he declared. "They said we had to recognise the leading role of the party, and we said this is precisely what we must talk about." The pastor said he proposed election reforms, the right of assembly and freedom of the press, but the officials were only willing to talk about local issues such as the "expansion of bicycle paths."

The worst possible scenario for Mr Krenz, however, would be for a meeting of minds between politically-aroused workers and the thousands of people who each evening crowd into Gethsemane Church in the Prenzlauer Berg district of East Berlin. The vigil held at the church for the release of persons arrested in the East Berlin demonstrations on October 7 has become a magnet for reform-minded East Berliners of all ages and occupations who seek the safety that comes in numbers.

Hungary legalises opposition

HUNGARY formally legalised opposition political parties yesterday, voting overwhelmingly to end more than four decades of one-party rule, Reuter reports from Budapest.

And in a victory for Prime Minister Miklos Nemeth, parliament ordered the ruling party to start disbanding its workplace organisations – regarded by Communists around the world as a key element of party control.

Apart from a few days during the 1956 uprising, when a multi-party government seeking Hungary's withdrawal from the Warsaw Pact was crushed by Soviet tanks, only one party has been officially recognised since 1948.

But yesterday, members of parliament, who on Wednesday purged the constitution of all Stalinist elements, passed the Party Law by 328 votes to four, with 15 abstentions.

Opposition groups, including the Hungarian Democratic Forum and the Alliance of Free Democrats, began emerging about two years ago.

They were later joined by re-emerging "historic parties" such as the Independent Smallholders and the Social Democrats, which were banned as the Communists took power.

But although they were able to fight parliamentary elections this summer – opposition candidates trounced the ruling party in four successive polls – the law did not until now allow them to register as political parties.

The section of the Party Law banning parties from setting up organisation at workplaces passed with ease by 279 votes to 44, with 12 abstentions.

The vote was unexpected in view of the fact that 70 per cent of MPs were members of the now defunct Communist Party.

Warsaw Pact tables new arms proposal

By Judy Dempsey in Vienna

THE WARSAW PACT yesterday presented a package of proposals to the Conventional Forces in Europe (CFE) talks aimed at strengthening the exchange of information as well as adopting stringent verification measures following an agreement on reducing conventional forces in Europe.

The proposals, tabled on the final day of the third round of the talks, were described by Nato diplomats as "very close" to Western proposals presented last month.

However, a set of proposals, known as "stabilising measures", which set out the size and number of exercises permitted by each side to be held in a region from the Atlantic to the Urals, led to some sharp questioning by Nato diplomats.

The Pact's measures propose that any one state, or groups of countries belonging to the same alliance, could conduct exercises exceeding 40,000 troops only once every three years. Each signatory should be notified two years before such exercises.

These contrast with Nato's proposals, which, because of the geographical distance between the United States and its European Nato allies, suggested that exercises above 40,000 could take place every two years but with 12 months prior notification.

One of the main points of disagreement on these stabilising measures is the future status of storage depots. Nato included them in its overall ceiling figures but excluded them in its "sub-ceilings", covering Central Europe, in particular. The Western alliance regards storage as essential for Nato's strategy of flexible response and forward defence. But it had stressed in its detailed proposals last month that movement in and out of storage would be subject to strict monitoring procedures.

For geographical reasons, the Warsaw Pact does not have any storage units. But, in its proposals presented yesterday, it now appears to want to expand the storage area, but at the same time reduce the number of armaments in any one depot.

Italy offers $400m aid to Poland

By John Wyles in Rome

ITALY YESTERDAY showed its determination to be in the forefront of aid programmes for Poland by making a bilateral offer of $400m of export credits when the premiers of the two countries meet in Rome over the next two days.

During preparations for the meeting between Mr Giulio Andreotti, the Italian Prime Minister, and Mr Tadeusz Mazowiecki, his Polish counterpart, it is understood that the Poles lamented the absence of any Italian bilateral aid offer since the formation of the new Warsaw Government.

The credits will be guaranteed by Sace, Italy's export guarantee agency, which will also offer political risk insurance. The aid is intended to span both direct investments in Poland, project financing and co-financing with the World Bank.

During his visit Mr Mazowiecki will also have an audience with Pope John Paul, Mr Krzysztof Skubiszewski, the Polish Foreign Minister, said in an interview with Ansa, the Italian news agency, that the audience would underline "our spiritual links with the thinking of the Holy Father."

Mr Mazowiecki, for his part, confirmed in an interview published yesterday by La Repubblica newspaper that he had chosen Rome for his first foreign visit because "of the weight of the Pope's personality."

His meeting in the Vatican would have "enormous moral significance, in Poland in particular, and more generally in the world."

European unions attack social charter

By Lucy Kellaway in Brussels

THE European Trade Union Confederation yesterday attacked the EC's plans for a social charter, arguing that in order to give workers adequate protection, proposals needed to be made stronger, more precise and legally binding.

The trade unions' insistence that the charter should be tightened up runs directly contrary to the view of some member states – notably that of the UK – *that it is already too strong*.

Mr Ernst Breit, President of the ETUC and head of the powerful German trade union federation, said yesterday "I have seen drafts of the report, but I am not satisfied that they meet our demands."

In particular he attacked the "solemn" commitment from the Commission to an – as yet unspecified – programme of action. He said that the programme should be incorporated into law, that it should be extended to include both *temporary as well as full time* workers and that the provision concerning right to strike should apply to everybody employed in both public and private sectors.

He was speaking at the end *of a four day rally of European* trade unionists in Ostend and Brussels, at which union leaders representing 17,000 workers across Europe expressed their concern over existing plans.

Their amendments were conveyed to Mr Jacques Delors, the president of the Commis*sion on* Wednesday evening, and will be put to member states before their meeting in Strasbourg in December.

Swiss to retain a tight monetary policy

By William Dullforce in Berne

SIGNS OF overheating in the Swiss economy left the National Bank with no choice but to persist with its restrictive monetary policy, Mr Markus Lusser, its president, said yesterday.

However, he was convinced that inflation could be held at bay without creating a recession.

His optimism was separately supported by Mr Otto Stich, *the Finance Minister. When* presenting the 1990 federal budget, designed to achieve a slight surplus, he forecast an average annual economic growth of 2 per cent during the next four years.

For 1989 the National Bank had set a target of 2 per cent growth in the seasonally adjusted monetary base.

Mr Lusser said that the Bank had tightened the reins even more severely in the first half of the year.

This brought about a gap, which averaged out over the *first nine months, of four per*centage points, or $1bn in round figures from the target.

Growth in gross domestic product this year would be higher than expected, probably reaching 3 per cent.

However, prices would rise roughly in line with forecasts made at the end of 1988, to just over 4 per cent by the end of the year, giving an annual average increase slightly above 3 per cent.

Mr Lusser said the National Bank had decided not to tighten the screw further when *the West German Bundesbank* increased its discount and Lombard rates two weeks ago.

There were risks in such a policy. A new weakening of the franc against the currencies of the European Monetary System would be particularly tiresome.

On a trade-weighted basis the franc fell by 5 per cent during the first five months of the year, but *has since recovered* to a level only 3 per cent below that of January.

The 1990 federal budget, submitted yesterday, aims at a *surplus of SFr474m ($290m)* on expenditure of just under $30bn, up by 8.3 per cent over the 1989 budget.

Challenges from both sides put Seville socialists to the test

Peter Bruce reports that Gonzalez' home base of Andalucia is no longer a sure bet for the government

IF Mr Felipe Gonzalez, Spain's Socialist Prime Minister, loses his overall majority in the Cortes (parliament) in the general election on October 29, the damage will most likely have been done here in Seville, his chaotic but charming home town.

The people who run Spain do not pronounce the middle of their words. The accent is Andaluce. Spain's largest region is where the modern *socialist party came together* in the last years of General Franco's life and where the young leaders planned their march to power. It was the Andalucian vote, loyal to Mr Gonzalez, that won him the 1986 referendum to stay in the North Atlantic Treaty Alliance.

In the 1986 general elections, the Socialists won 42 of the 60 Cortes seats in Andalucia, their most solid performance anywhere. But their *184 seats* overall give them a majority of just eight in the Cortes and this time all the polls predict a *slight fall*. If the voters of Andalucia let them down, Spanish politics could change dramatically.

The danger is *two-fold*. First, the communist Izquierda Unida (IU), is also being led in this election by an Andalucian, Mr Julio Anguita, who knows his territory. The IU is expected to increase sharply its nationwide vote and double its seven Cortes seats. The IU, the *polls say, is going to do well in* cities where disenchantment with the Socialists is growing.

Secondly, the fortunes of the small Andalucian nationalist grouping, the Partido Andalucista, have revived after it lost its five Cortes seats in the 1982 election that brought Mr Gonzalez to power. Led by Mr Pedro Pacheco, the rabble-rousing, rude mayor of Jerez, and an aloof aristocrat, Mr Alejandro Rojas Marcos, in Seville (the two get along best when they are apart) the party won a

Spanish Elections

*seat in the European Parlia*ment in June. Its simplistic nationalist message is attracting young voters.

A less conventional threat also comes from Jerez. It is the home town of Mr Jose Maria Ruiz-Mateos, the fallen tycoon who is still facing fraud charges following the expropriation of his giant Rumasa banking empire in 1983. Mr Ruiz-Mateos' theatrical fight to keep out of jail has *appealed to* an anarchic Spanish sense of humour and he won two European seats in June. Thus fortified, he is now campaigning to get into the Cortes. Fortunately for the Socialists, he tends to rob support from the *far right*.

There is an ugly edge to the campaign in Seville. Ms Soledad Becarril, the leading candidate for the conservative Partido Popular, accuses the Socialists of buying support by giving jobs to party members and discriminating against ordinary *people. The accusa*tion, which is echoed throughout Spain by opponents, has much more force here.

"They run it like a socialist fief," she says. "They abuse power in all of Spain but much more so here. They have no respect for liberties. They use public funds to reward their friends." A new Andalucian television channel, set up by the Government for more than Pta 20bn, had to change chairman after a few months when its finances collapsed. In Spain, where few people read newspapers, television is the key media.

"It is difficult for us to get our message across," says Ms Becarril. "*It is* in Andalucia (which is relatively poor) where people are less informed and where the socialists have the most votes. They are strongest in areas where people are culturally deprived."

It is true that Andalucia has prospered under the Socialist Government. *Billions of pese*tas are being poured into Seville for the World Fair in 1992. The airport is being rebuilt. A multi-billion peseta high-speed rail link is being built between Madrid and Seville.

The Socialists see not much wrong with this. Mr Luis Yañez, one of Mr Gonzalez' earliest political associates, number two on the Socialist electoral list for Seville and a junior minister, happily boasts that "the Government has put more money into Seville than anywhere else".

"The spending is legitimate," he says and, clearly, as the socialists get out into the streets to fight off the left-wing *and nationalist challenge, their* canvassers have all the sums at their fingertips.

"We always ask people whether they think they are living better now than they were in 1982 and the answer is always yes", he says. "Socialists in Spain have always been *accused of corruption* but you will have to wait until we die to find out the truth about how rich we are."

Mr Yañez acknowleges that the IU will probably make some gains at the socialists' expense, but that his party will hold at least its position in Seville. The key to this confidence is organisation.

In the PA offices in the centre of Seville, all is chaos. No-one seems sure where Mr Rojas Marcos is. Or the party spokesman. A few blocks away, the Socialists have converted a shop into a voter information centre. Nice blue carpets, smiling people behind desks. All is calm and the *signed pictures of Mr Gonzalez* are free.

In a country where it is difficult to get even two people to co-operate, the Socialists' ability to organise themselves is probably their greatest strength.

Just in case it does not work this time, the Socialists have drafted in a new secret weapon. She is Ms Carmen Romero, the Prime Minister's wife, now campaigning down in Cadiz. Slightly to the left of her pragmatic husband, it is hoped she might help prevent too much spillage to the communists and draw in the female vote. For the undecided and macho Andalucian male, Ms Romero just happens to be *a very nice person and also muy guapa* (very good looking). It is almost unfair.

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WORLD TRADE NEWS

ICI gains Soviet foothold with paints agreement

By Quentin Peel in Moscow

ICI, the world's largest paint manufacturer, has gained its first foothold in the Soviet market, with an agreement to set up a joint venture in Leningrad.

The deal is to establish an engineering and marketing centre which will test both ICI products for the Soviet market, and Soviet products for export to the West.

It will bring together ICI Lacke Farben, the West German subsidiary of the ICI international paints business, and LNPO Pigment, a Soviet paint manufacturer.

The centre will initially concentrate on the latest technology products in powder paints, used to coat panels on a wide range of consumer goods, such as refrigerators, according to ICI.

The Soviet partner in the venture has developed a powder paint for gas pipelines which ICI believes could have a good market in the West, according to Mr Robert Chitty, the company's chief representative in Moscow.

A letter of intent to set up the joint venture was signed in the Soviet capital by Mr John Mitchell, the chairman of ICI East Europe.

"ICI sees this agreement as an important breakthrough in the Soviet paint market, and an essential step towards an overall substantial involvement for our products in the USSR," he said.

Final agreement is expected by the end of the year.

Neither side would put a value on the likely investment, although it will initially be small.

Hitherto the British chemicals group has been involved with the Soviet Union in licensing technology.

This has covered polyester fibre, polyester film and methanol production, as well as wheat and pea farming management projects.

Italians begin push for more exports to Japan

By John Wyles in Rome

THE MOST determined effort that Italy has ever made to boost its exports to Japan and to encourage Japanese investment begins today with the departure for Tokyo of a top-level political and business delegation.

The high point of the Italian campaign will be a meeting next Tuesday of the Italy-Japan Business Group which will bring together the two countries' top industrialists to discuss new trade and co-operation initiatives. Until now, only the UK has set up a similar forum for developing business opportunities.

The creation of a second such forum with Italy is largely the work of Mr Renato Ruggiero, Italy's Minister of Foreign Trade, whose strategy aims to boost Italian exports to Japan as quickly as possible. He sees the need to compensate for the expected rise of Japanese imports into Italy as Rome honours the commitment made earlier this year to lift nearly 40 import restrictions on Japanese products. Last year Italy ran a deficit with Japan of nearly L1,400bn (£548m).

In addition, Rome is hungry for a larger share of Japan's overseas investment. At the moment, the value of Japanese investments is higher in Luxembourg than in Italy.

The Italian side of the business group will be led by Mr Umberto Agnelli, vice-president of the Fiat Group, who will be accompanied by top managers from most of Italy's leading companies. Japan will be fielding its foremost industrial and financial groups.

The most serious talking is expected after an opening plenary session.

UK's £980m incentive to end textile import curbs

Peter Montagnon reports on a study urging radical changes in the Multifibre Arrangement

BRITISH consumers would benefit to the tune of £980m a year and employment in the textiles and clothing industry would fall by 33,000 if the import quota restrictions under the Multifibre Arrangement (MFA) were abolished, according to an independent study published yesterday by the Department of Trade and Industry.

Written by Professor Aubrey Silberston of Imperial College of Science and Technology in collaboration with his wife, Ms Michele Ledic of Birkbeck College, the report was commissioned by the DTI to stimulate debate and help form UK policy in connection with the discussion on the future of the MFA in the Uruguay Round of multilateral trade talks.

Trade in textiles has become one of the more contentious items on the agenda of the Uruguay Round, with developing countries pressing the industrial world to phase out the MFA in return for their agreement to tighten rules covering new areas such as trade in services, investment flows and protection of intellectual property rights.

The Silberston report is thus likely to command an audience well beyond UK businessmen and policy makers for whom it was originally conceived. It is the second such report by Professor Silberston, a recognised authority on world trade in textiles and clothing. In the first, published in 1984, he argued that the MFA was an inefficient system of protection which had actually resulted in a net loss of employment in the UK economy.

The latest report suggests that, though parts of UK industry would suffer as a result of quota abolition, the process could be absorbed quite easily, especially as it would take place over a prolonged period.

The gain to consumers from lower prices would be equivalent to £29,700 for each worker displaced, which is three or four times as much as the average wage in the sector. "The figures leave no doubt that it would in principle be possible to compensate workers displaced by the ending of the MFA, and still leave a good deal of consumers' surplus to spare," Professor Silberston concludes.

A core finding in the report is that landed import prices of textiles and clothing into the European Community would fall by 8 per cent if the MFA quotas were phased out.

This is less than the level suggested by the value of Hong Kong textile quotas which are freely traded between individual companies there, and often taken by economists as a surrogate for the extra cost to consumers imposed by the quota system. But Professor Silberston argues that Hong Kong quota prices are distorted by exchange rate fluctuations and particular supply-demand situations for specific products. Also, tariffs would remain even after quotas disappeared.

The fall in import prices would not be fully reflected at the retail level where prices would drop by only around 5 per cent, he says, but this would still prompt a modest increase in demand.

The report suggests that the removal of the MFA would provoke fierce competition for market share among developing countries. Indian exports have increased in recent years and its quotas are now beginning to bite, while China, with exports of textiles and clothing of $13bn in 1988, could be a "formidable" competitor in tandem with Hong Kong.

Yet Professor Silberston argues that, as a trading country, China would still face some export limitations even without the MFA, and there are also internal constraints, including poor infrastructure and organisation.

Nominal wages in countries such as China, Pakistan, Sri Lanka and Indonesia are only around 2 to 4 per cent of those in the US, he adds, but there is no reason to assume that this means they are capable of swamping developed country markets. "In spinning, weaving and knitting, modern technological developments have considerably offset the advantages of the low-wage countries. Their costs are not markedly lower, and their quality is on average less high."

This is not true, however, in clothing where automation is still some years away and low-wage countries retain considerable cost advantages.

The UK clothing industry is vulnerable, he says, but those parts which concentrate on high fashion are in a good position to withstand competition from the newly industrialised economies and the low-wage countries.

Moreover, much of the clothing industry is concentrated in South-East England, where alternative employment opportunities are good.

Particularly vulnerable parts of the country from the point of view of their levels of unemployment are the North West, Scotland and Northern Ireland, but even in these locations some branches of the industry should be able to stand up well to increased competition.

Professor Silberston says his forecast of a loss of 33,000 jobs is small compared with the shake-out that has already occurred in the UK industry in the 1980s, with the loss of 175,000 jobs. Figures such as these are of no comfort to those who might lose their jobs, he says, but they do help put the position into perspective, and any phase-out of the MFA would only occur gradually, over a period of years.

In a separate section on the impact of the European Single Market on the textile industry, he rebuts the frequently voiced fear that a single European quota would strike particularly hard at the UK because the concentration of its retail industry into a limited number of chain stores would make it a target for overseas exporters.

Large exports already go to other EC countries with a more fragmented trade, he says.

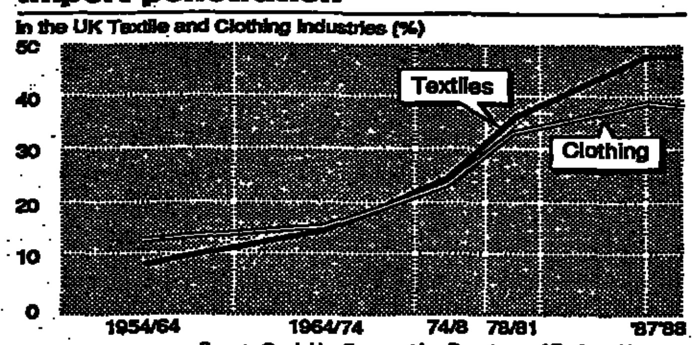
These markets are more prosperous and, often more profitable than the UK. Evidence for this is that Hong Kong quota premiums for West Germany are generally higher than those for the UK.

"Looking at the matter from the point of view of the UK economy, consumers would have much to gain from the ending of the MFA," he concludes.

"The textiles and clothing industries are now in as good a position to withstand adverse effects as they have ever been, especially if the transition is a gradual one."

Import penetration

In the UK Textile and Clothing Industries (%)



Source: Cambridge Econometrics, Department of Trade and Industry

Concern rises at Gatt over US double standards

By William Dullforce in Geneva

US TRADE policy and possibly the Uruguay Round trade talks will arrive at a moment of truth when the Council of the General Agreement on Tariffs and Trade (Gatt) next meets on November 7.

At the last council meeting on October 11 many countries, including US allies such as the European Community, Japan and Canada, made it clear they are becoming incensed and worried by what they see as the double standards applied by Washington to trade matters.

While Mrs Carla Hills, US Trade Representative, was in Seoul and Tokyo, urging South Korea and Japan to join the US in making a success of the Uruguay Round and in reinforcing the multilateral trading system, her deputy, Mr Rufus Yerxa, was refusing for the seventh time running to let the council of the Gatt, the guardian of the trading system, adopt a disputes panel recommendation that the US change the way patent infringement cases involving imported goods were handled in its courts.

Mr Yerxa also blocked a Canadian request to the council for authority to increase duties on a number of imports from the US by 2.5 percentage points in retaliation for Washington's failure to remove its discriminatory "superfund" tax on imports of Canadian oil.

A similar request from the EC was blocked at a previous council meeting. The council adopted a panel report calling on the US to change its "superfund" legislation as far back as June, 1987.

An amending Bill has passed the US House of Representatives but has yet to be approved by the Senate. Mr Yerxa said it was "inappropriate" to let Ottawa retaliate for the delay, which is costing Canadian companies just under $11m a year, while the US Administration was making strong efforts to respond to the Gatt ruling. Delegates criticised the inconsistencies in the current US approach and voiced concern about the effect it can have on the climate of the Uruguay Round.

It is recognised that, at a time when US business has made protection of intellectual property rights an important issue, it is difficult for the Bush Administration to persuade Congress to change section 337 of its Trade Act in a way that might appear to weaken the enforcement currently allowed.

But it is equally difficult for the Canadian Government to accept the latest Gatt finding against its restrictions on ice-cream imports from the US, which by extension queries its whole agricultural supply management system. Why, it is being asked, should the Koreans not continue to refuse action on Gatt findings in favour of US, Australian and New Zealand complaints against its beef import restrictions?

There is a danger of recrimination and backbiting would poison the atmosphere in the multilateral trade talks from which Mrs Hills says she wants to cull the "maximum package" of results. At the heart of the matter is the "Super 301" clause in the new US Trade Act which enjoins the Administration – after following certain procedures – to act against countries accused of unfair trading.

Now, however, many trade officials are again referring to the perversity of a US poised to act unilaterally against what it considers contraventions while it refuses in Gatt to accept rulings against its own contraventions.

The credibility of US commitment to the multilateral trading system and the Uruguay Round is on the line. That is why the Bush Administration is being urged by US trading partners to allow adoption of the 337 panel report at the next council meeting and to convince Senate leaders that they must pass the amended "superfund" Bill in time.

El Al close to Aeroflot deal

By Hugh Carnegy in Jerusalem

EL AL, the Israeli national airline, and Aeroflot, the Soviet carrier, are close to establishing scheduled flights between Tel Aviv and Moscow for the first time, as trade and political links continue to warm 22 years after the Soviet Union broke diplomatic relations over the 1967 Arab-Israeli War.

Mr Rafael Har-Lev, El Al's chief executive, returned home yesterday from a visit to Moscow at Aeroflot's invitation at which the two airlines decided to set up two teams to discuss commercial and operational terms for the route.

El Al already operates flights to Warsaw, Budapest and Bucharest and is anxious to increase tourist links with the East bloc.

Angry Thatcher in clash over South Africa

By Robert Mauthner and Roger Matthews

MRS Margaret Thatcher, the British Prime Minister, was again involved in a bitter clash with her Commonwealth partners over South Africa yesterday in a tense debate which recalled previous Commonwealth summits.

The good pre-conference intentions of all sides to avoid a confrontation, were quickly jettisoned as Mrs Thatcher hit back at her critics for what British officials described as "the harsh things they said about Britain". Mrs Thatcher was reported to be particularly angry at the remarks of a senior Zimbabwe delegate deputising for Mr Robert Mugabe, the Prime Minister, who was having an audience with the Queen.

President Kenneth Kaunda of Zambia, Mr Bob Hawke, the Australian Prime Minister, and Mr Joe Clark, the Canadian Foreign Minister – representing the eight-member foreign ministers' committee which has been looking into the impact of sanctions on South Africa – all stressed that sanctions had proved to be effective and should be intensified.

In an obvious reference to Mrs Thatcher's views, President Kaunda said: "If you believe that sanctions don't work, that would be an exercise in self-deception."

Mr Hawke said that, while it would be churlish to deny that some positive developments had occurred in South Africa in recent months, these had not emerged in a vacuum. The Commonwealth could claim much of the credit for having taken the initiative, through sanctions, in exerting the international pressure that had led to these developments. At the same time, it was clear that all the "fundamental and repugnant elements of apartheid remained in place".

They included institutional discrimination, personified most vividly in the Group Areas Act, extremes of economic injustice and the state of emergency, now in its fourth year.

"We do not seek to bring South Africa to its knees, but to bring it to the negotiating table," Mr Hawke said.

Mrs Thatcher firmly rejected the other members' argument that financial measures against South Africa had to be extended and intensified. They would discourage rather than encourage the changes that were under way in South Africa.

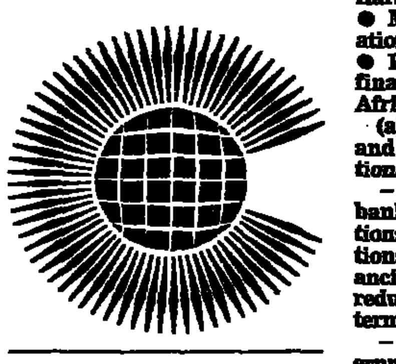
Britain spent its time trying to resolve poverty and hunger in Africa and she found it strange to be part of a conference which spent its time trying to increase poverty. Sanctions only had the effect of throwing black people out of work, but had no political effect at all.

On the contrary, they tended to strengthen extreme conservative elements.

Replying to criticism of her "uncaring attitude", Mrs Thatcher said that when two African countries had expelled its Asian populations, Britain had taken them in. It had also brought Zimbabwe to independence and free elections. While she made it "absolutely clear" that the UK would have nothing to do with extra sanctions, she did not suggest that existing sanctions should be removed.

However, their eventual removal should be used as a bargaining counter for further progress in South Africa. "We need to find carrots, not sticks."

Mrs Margaret Thatcher and Mr Bob Hawke in Kuala Lumpur: disagreement over sanctions



COMMONWEALTH SUMMIT

HAWKE'S PROPOSALS

This is the text of Mr Bob Hawke's five-point proposal for maintaining pressure on South Africa, to be included in the Commonwealth package.

● A strong expression of support for the principles, approach and negotiating framework outlined in the Harare Declaration.

● Maintain without relaxation all existing sanctions.

● Develop new forms of financial pressure on South Africa:

(a) by seeking to intensify and extend financial sanctions, in particular by:

– calling on all relevant banks and financial institutions to impose tougher conditions on day-to-day trade financing, in particular through reducing the maximum credit term to 90 days; and

– calling on relevant governments to make trade credits harder to get by taking South Africa "off cover" with government agencies for official trade credit and insurance purposes;

– these calls to be embodied in a letter signed by the CHOGM Chairman and delivered as soon as possible;

(b) by exploring the possibility of the IMF developing a major supportive financial package for South Africa, with its implementation made contingent on structural political reform of a kind that could reasonably guarantee the economic stability of the country in the future.

● Establish in a major research institution an independent monitoring agency to report upon South Africa's links with the international financial community and the impact of financial sanctions.

● Re-establish the Committee of Foreign Ministers on Southern Africa (CFMSA) as an ongoing review mechanism to monitor developments and report with appropriate recommendations to CHOGM.

Euphoria of Australian networks evaporates

Chris Sherwell finds the outlook for TV is bleak

THESE are difficult times for Australian commercial television. A combination of heavy debts, increased programming costs, weakening advertising revenues and bureaucratic regulation has left the three national networks looking uncomfortable and unstable.

The gloomy picture stands in sharp contrast to the excitement of almost three years ago, when the Government unleashed an unprecedented shake-up of the industry by altering the rules of media ownership in Australia. The doubts expressed then, drowned out at the time, seem now to have been vindicated.

Under the new rules, the Government disallowed cross-ownership of broadcast and print media in the same metropolitan centre. It threw out the two-station limit on television ownership, but limited "audience reach" to 60 per cent of the national population.

In the ensuing shake-up:

● Mr Kerry Packer sold his two Channel Nine television stations in Sydney and Melbourne, together with a clutch of radio stations, to Mr Alan Bond's Bond Corporation for a breathtaking A$1.05bn. Mr Bond reduced the cost by floating Bond Media – which never subsequently regained the A$1.55 offer price.

● Mr Rupert Murdoch sold his controlling interest in two Channel Ten stations, also in Sydney and Melbourne, to Mr Frank Lowy's Westfield group, which was inexplicably diversifying into a new field after its success developing shopping centres. The investment arm of his empire paid an effective A$760m for the stations, and held them through the listed Northern Star group.

● The Fairfax newspaper group, which already owned the Channel Seven stations in Sydney and Brisbane, paid an enormous A$320m for their counterpart in Melbourne before selling all three to Mr Christopher Skase, head of the Qintex media and resorts group, for an effective A$670m. He then bought two more stations in Adelaide and Perth from the entrepreneur Mr Robert Holmes à Court for around A$113m.

Some further shuffling brought into being three national networks with stations across the country and audience penetrations at or even beyond the 60 per cent limit. At the same time government plans for "aggregation" went ahead, which would permit country towns to receive more than one commercial channel. Separate proposals for pay-TV were to follow.

Perhaps predictably, the newly-shaped industry enjoyed a year of irrepressible confidence and aggressive competition. All three networks began buying personalities. Viewers were promised higher quality programmes and more locally-made productions, and improvements across the board.

Mr Lowy, having picked up "the worst house on the street," was particularly determined to create a quality network, and Channel Ten broke a gentlemen's agreement with its competitors by bidding early, and high, for forthcoming US-made programmes.

It also paid heavily for the television rights to cover the 1988 Seoul Olympics, and lavished money on an expensive current affairs programme.

> Analysts now agree that the three aspirant – not to say inexperienced – television moguls paid far too much for their networks

The impact of the hefty debt and costly programming became increasingly apparent as the Government relentlessly raised interest rates through 1988 and 1989. Despite the Neighbours soap and the successful Comedy Company series, Channel Ten continued to lag in the ratings, its advertising revenues suffered and the financial strains became unbearable.

In September, Mr Lowy made his fateful decision to bale out. Northern Star wrote down the value of its television licences by an astonishing A$400m, took an abnormal writedown on the value of its television stations (Canberra, Perth and Adelaide).

Westfield Capital, his group's investment arm, then sold its 52 per cent ownership of Northern Star – in effect the Sydney, Melbourne and Brisbane interests – for a fraction of what they would have secured two or three years ago. Control is now in the hands of a small production house called Broadcom.

Over at Channel Nine, which continued to retain its premier ratings position throughout the past two years, Mr Bond hit different problems. The worst was with the Australian Broadcasting Tribunal, the Government's regulatory watchdog.

On the basis of a trailer for an interview Mr Bond gave his own channel, the agency initiated a devastating inquiry into whether he was a "fit and proper" person to hold broadcasting licences. It dragged on for months, and found against him. Although the federal court set aside the finding, the tribunal is now challenging the ruling in the High Court.

Inevitably, the market lowered its valuation of the network, and the Channel Ten writedowns confirmed its opinion. Then in early October Bond Media announced an operating loss of A$2.8m and heavy extraordinary losses of A$41.6m.

Both the Ten and the Nine networks have since begun taking the necessary remedial measures – heavy cuts in programmes and in hundreds of staff, provoking industrial action. At the same time the Bond group and Mr Skase's Qintex are resisting pressure to accept large writedowns on their licences.

Qintex's results, due this month, are awaited with nervous anticipation. Moreover, Mr Skase has his own problems with the Broadcasting Tribunal. Earlier this year he was late with a licence fee payment. And it is investigating whether his multiple acquisitions breached the 60 per cent audience limit.

Analysts now agree that the three aspirant – not to say inexperienced – television moguls paid far too much for their networks at the wrong time and funded their purchases with too much debt.

In the industry itself, a grim mood has replaced the euphoria of 1987. Some question the whole notion of networking, others whether there can really be a place for three commercial networks in a market of only 16m people. Certainly the idea of owning all stations in a network is now regarded as misconceived.

From left, the media moguls forced to sell up: Murdoch, Packer and Bond

Kaunda: call to world opinion

Kaunda calls for action on destabilisation

By Roger Matthews in Kuala Lumpur

PRESIDENT Kenneth Kaunda of Zambia said yesterday that world public opinion could no longer remain indifferent to South Africa's policy of destabilising neighbouring states, following the publication of a report on "Apartheid Terrorism".

"Reading this report sounds like a step back into one of mankind's most barbarous periods of history, during which contempt for the individual had led to the worst atrocities," Mr Kaunda said.

The report, prepared by the independently-funded Southern African Research and Documentation Centre (SARDC), based in Zimbabwe, alleges that over 1.5m people have died in southern Africa in the past eight years as a result of South Africa's military and economic action against neighbouring states. Another 4m people have been forced to leave their homes.

Most of the dead were children, according to the report, and died through direct military action, disruption of the delivery or production of food, and destruction of health facilities and immunisation programmes.

Wildlife and the region's ecology had also been seriously affected. The report said more than 100,000 elephants had been slaughtered in southern Angola and their tusks sold in South Africa to help finance the war.

The total economic cost to Mozambique, Zimbabwe, Botswana, Angola, Zambia and Tanzania – the six front-line states – is estimated at $45bn, or more than double their combined external debt.

Critics say rescheduling deal will help Pretoria over a crunch

By Stephen Fidler, Euromarkets Correspondent

SOUTH AFRICA'S new foreign debt arrangements mean it will have to make significant capital repayments to banks in 1990 and 1991, years in which it already faces a crunch of repayments to other creditors, according to international bankers.

Nevertheless, the plan, for the period from mid-1990 to the end of 1993, will be seen by critics as being tailored to help the government overcome the bunching of repayments on foreign bond issues in those two critical years.

Bankers close to the negotiations say the principal repayments secured, particularly in the early part of the agreement, were strongly resisted by South African negotiators.

After an initial negotiating session in Zurich in September, terms were settled after three days of talks last week and announced by the South Africans on Wednesday. Some 14 banks sit on the technical committee but some, such as Citibank, have played little part in the talks.

Bankers say they are resigned to criticism, but claim they extracted a good deal more than the South Africans were initially ready to offer. Pushing the South Africans further to make repayments, triggering another default, would be to nobody's benefit, since it would take the debt repayments constraint off the South Africans, they argue.

The agreement provides for a 20¾ per cent reduction in the $8bn of medium-term loans which fall into the "net" covered by the so-called second interim arrangement over the 3½-year period. This reduction of about $1.5bn is on top of $1.9bn in scheduled bond repayments, concentrated in 1990.

In December 1990, 1½ per cent of outstanding principal will be repaid, roughly $120m. Under the first interim arrangement, $166m will be repaid in the first half of 1990. Repayments then switch to a February-August cycle, with repayments amounting to 5¼ per cent in 1991, 6 per cent in 1992 and 7¼ per cent in 1993.

Under the first interim arrangement, banks were repaid $1.4bn over three years but this was 13 per cent of a larger $14bn net.

Under the arrangements announced this week, creditors will be offered another 10-year bond option, which will repay principal as with the loans and then be paid down in five equal semi-annual instalments at the end of their life. This would help to avoid another bunching of repayments looming in 1994 and 1995.

South Africa has more than 200 foreign bank creditors, but 35 of the largest are estimated to hold about 80 per cent of the debt. Most western banks have short-term frozen trade lines – which fall outside the interim arrangements – with South Africa, amounting to $2bn or more, since 1985 and refuse to lend new funds.

Prince Saud bears peace message

SAUDI ARABIA'S Foreign Minister Prince Saud al-Faisal held talks in the Syrian capital yesterday in a bid to break the impasse in Arab efforts to bring peace to Lebanon, Reuter reports from Damascus.

Lebanese parliamentary sources in Taif, Saudi Arabia, said Prince Saud was carrying a message from King Fahd to President Hafez al-Assad focussing on the Arab League's proposed national reconciliation charter for the war-weary country.

Riyadh is searching for common ground to bridge the gap between Lebanon's Christian and Moslem deputies who have been meeting in the Saudi mountain resort of Taif since September 30.

Prince Saud met Syrian President Hafez al-Assad, Vice-President Abdel-Halim Khaddam and Foreign Minister Farouq al-Shara, officials in Damascus said.

His visit comes after three weeks of largely fruitless talks between 62 deputies, equally divided between Moslems and Christians.

They have so far failed to agree on a compromise which would satisfy Moslem demands for power-sharing and Christian calls for a fixed timetable for the withdrawal of Syrian troops from Lebanon.

The Arab League proposals being debated by the deputies include a commitment by Syria to redeploy its forces within Lebanon to the country's Eastern Bekka'a valley within two years of political reforms being introduced.

Christian hardliners want a rapid and guaranteed timetable for the withdrawal of Syria's 33,000 troops in Lebanon.

Prince Saud has held meetings with the Christians who said he advised them against seeking radical changes in the charter.

However, Lebanon's Christian army commander Major-General Michel Aoun, warned the deputies against compromising their country's sovereignty.

Parliamentary sources said one way to find a way out of the impasse was for the peace committee members Saudi Arabia, Algeria and Morocco to guarantee a Syrian withdrawal and the reforms demanded by Moslems.

Demands for Syrian withdrawal were originally made by Aoun in March, sparking six months of fighting in Lebanon in which more than 800 people were killed.

Korean opposition accord

By Maggie Ford in Seoul

OPPOSITION leaders yesterday agreed on a joint strategy to force the South Korean Government to deal with the lingering political problem of the former military regime led by disgraced ex-President Chun Doo Hwan.

The three parties, which together command a majority in the country's parliament, agreed to refuse to pass the budget until the Government acted to solve the problem, and to campaign for a referendum on the President's rule if there was no progress by year end.

The agreement marks a return to opposition unity and poses a challenge to President Roh Tae Woo and his ruling Democratic Justice Party.

The parties want the Government to arrange testimony at the National Assembly by former President Chun, now in exile at a remote Buddhist temple. They also want three of his aides to step down from their current positions and three others to be charged.

One of the six is Mr Chung Ho Young, a parliamentarian accused of responsibility for the 1980 military killing of 200 people in the provincial city of Kwangju. Mr Chung said this week that he would not step down.

His statement has caused problems for President Roh, who is a former general, who helped Mr Chun take power in a military coup in 1979. Mr Chun has indicated that he will agree to testify, creating fears that he may implicate Mr Roh in wrongdoing.

Labor attacks spending plan

By Chris Sherwell in Sydney

AUSTRALIA'S Labor government yesterday claimed to have found an A$335m (£400m) "hole" in the costings of the opposition coalition's week-old tax and spending platform for the next election.

The accusation, a clear attempt to repeat the devastating exposure of an opposition error ahead of the 1987 poll, was promptly rejected by Mr Andrew Peacock, the coalition leader, and Dr John Hewson, the shadow treasurer.

But the heated exchanges signified that the political temperature will quickly move to melting point in the event of an early election. A poll is not due until mid-1990, but Mr Bob Hawke, the Prime Minister, has not ruled one out before Christmas.

The focus of yesterday's war of words was the Liberal and National Party coalition's controversial package of A$2.7bn in spending cuts in welfare, education and Aboriginal affairs, announced last week.

The cuts would be used to help families with children through a reduction in the top rate of personal tax, at present 47 per cent, to the 39 per cent corporate tax rate, and a new capital gains tax with a five-year sliding-scale to zero.

According to Mr Paul Keating, the federal treasurer, the cuts are miscalculated to the tune of A$335m, the biggest element of which is an alleged A$450m over-estimation of the savings to be achieved from halting benefits to the unemployed after nine months.

Mr Keating said the number of jobless who would transfer to a different special benefit scheme after that time was far larger than the opposition estimated.

He also attacked the plan for consigning people to a "social sink" from which they would never emerge.

In a further move to discredit the programme, Mr Keating claimed the loss of revenue from the capital gains tax change was far larger than the A$450m opposition estimate because it did not include the "billions" still to be received from realisation of stock market and property gains since 1985.

In response, Mr Peacock and Dr Hewson yesterday stood by their figures and called the claims "absolute rubbish". They also raised questions about the apparent involvement of government departments in assessing their programmes.

Indian opposition chief suffers fresh setback

By David Housego in New Delhi

MR V P Singh, the Indian opposition leader, suffered a further reverse yesterday when Hindu militants rejected his appeal to call off a march that he sees as damaging to opposition unity.

Last night's decision by the Hindu fundamentalist movement Vishwa Hindu Parishad (VHP), to go ahead with its march to Ayodhya on November 9, deals a severe blow to Mr Singh's hopes of achieving a compromise between the opposition partners on putting up jointly-agreed candidates against the Congress in next month's general election.

If the march ends in communal rioting between Hindus and Moslems as many fear it will also strengthen the hands of Prime Minister Rajiv Gandhi in portraying his Congress Party as the guardian of order and stability.

The VHP decision leaves Mr Singh with a dilemma. Either he allows the opposition to be more closely identified with the militant Hindu movement, in which case he risks losing support from the Moslems and the secular left, or he can distance himself from them, which will exacerbate his problems of working out seat adjustments with the BJP, the main Hindu party in the north.

Mr Gandhi is believed to have called the election to coincide with the march to heighten the opposition's difficulties in making seat arrangements among themselves.

Carmen's gypsy caravan hits the road in Tokyo

Today the cigarette factory, tomorrow the world. Larry Klinger on the boom in 'arena opera'

A WEIRD but wonderful gypsy caravan begins arriving in Tokyo today. When JAL 402 touches down at Narita airport this afternoon, 30 experts on theatrical production - the advance technical back-up for British impresario Harvey Goldsmith's mammoth staging of the opera Carmen - will hit the ground running.

The caravan numbers in all about 450, aided by another 200 technicians, predominantly Japanese, who in 72 hours will have put into place, connected, adjusted and touched-up 100 tons of stage-set stretching 20,000 square feet over the Olympic pools of Tokyo's Yoyogi Stadium.

Next Friday, if all has gone well, conductor Jacques Delacôte will raise the baton and the first performance of a planned global tour will take place in front of an audience of at least 10,000.

Another landmark will have been reached in "arena opera," that spectacular mass phenomenon which infuriates operatic purists and more than a few professional critics, but which, for the moment at least, is delighting many thousands of people around the world.

The staff at Classical Productions' co-ordination centre in London are undeterred by what they regard as pedantic, elitist criticism. They are dealing in mind-boggling statistics: just think of putting together travel and hotel arrangements for 450 people, especially a group not known for temperamental equilibrium.

By Tuesday, a succession of flights will have decanted more technicians and co-ordinators, followed by 50 pupils from the London Oratory School, then 250 sopranos, contraltos, tenors, baritones and basses, and the 70-member National Philharmonic Orchestra.

They have been preceded by 18 containers of scenery, lighting and sound equipment which, in company jargon, were "floated out to Tokyo", and will be followed by a further couple of dozen international stars, led by José Carreras and Maria Ewing (in the principal roles), plus another two dozen dancers, singers and musicians from Paca Peña's Fiesta Flamenca company.

Meanwhile, size also sells a few tickets, attracts sponsorship and, therefore, in more than a manner of speaking, pays the rent. The M I Group sponsored the London Carmen and Mitsubishi Electric Corporation is sponsoring Tokyo's.

Miss Carolyn Souter, company administrator, has a confident answer for the critics: "Other companies are still only into having 300 people march on, move around a bit, sing, and march off. With Carmen, we still have spectacle, but in context and with a story to tell even in intimate detail.

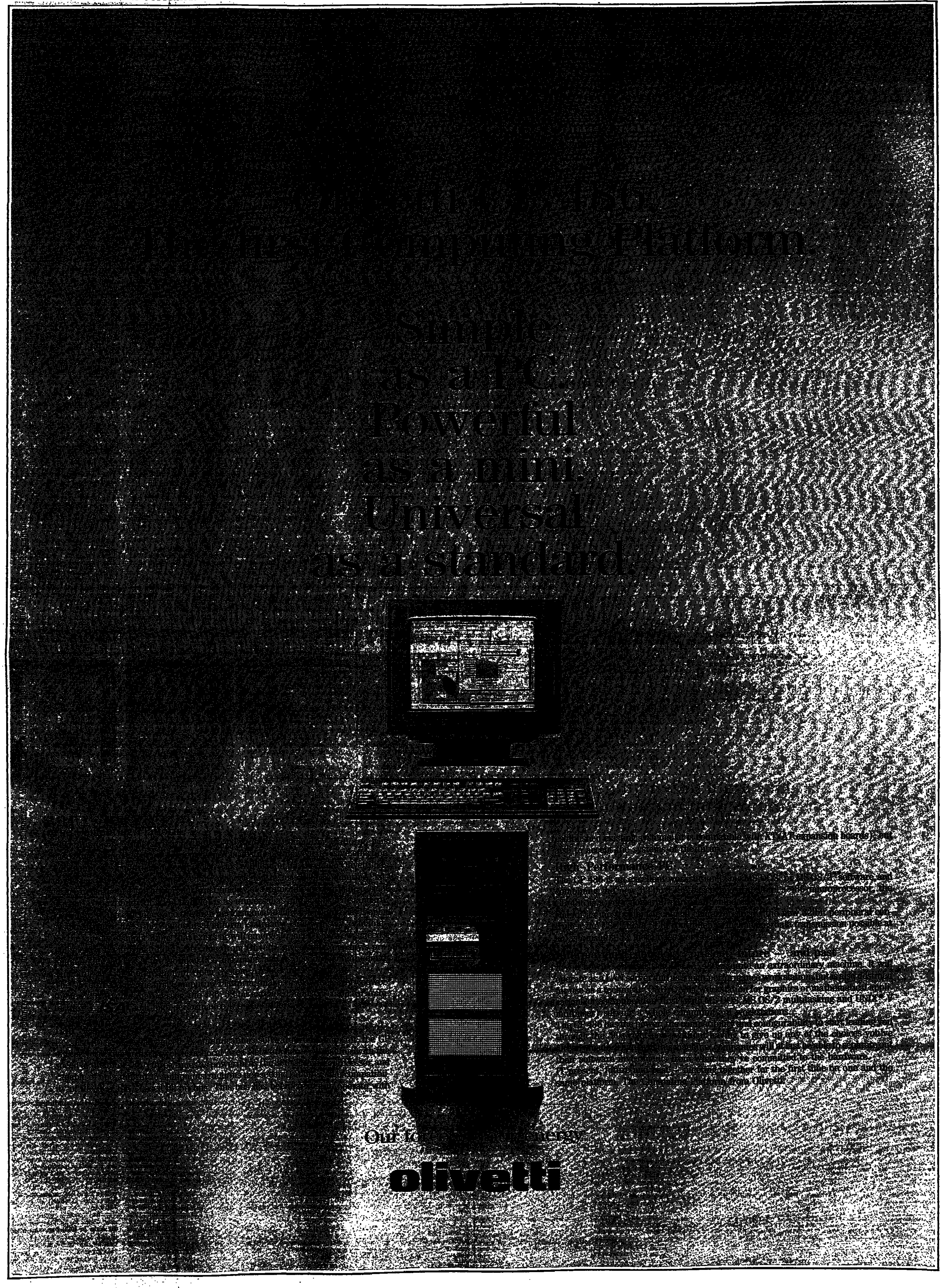
"That's why we have a £4.6m budget and are taking the whole ensemble abroad, unlike others who only ship around some expensive props and a core company, picking up on what's available locally. Tokyo, and Sydney and Melbourne in April and the US next autumn will get essentially what London got earlier this year."

Tokyo itself - where Western opera on a regular basis was introduced by the tenor Fujiwara in 1933 and which has long been a venue for touring by the world's great houses but has yet to establish its own - has seldom offered more public demand, commercial opportunity and sponsorship interest.

Opera worldwide has never been more popular, but since Covent Garden's sold-out 1986 tour of three Japanese cities, a boom has been building in Tokyo. In the last four months it have been visited by, among others, the Bayreuth Festival's latest Tannhäuser, complete with 300 imported personnel, and the International Opera Festival's Aida, which played to tens of thousands in the Tokyo Dome, home of the champion baseball Giants.

Carmen's eight performances are sold out, after having added an extra matinée, with Classical Productions now trying to secure permission from safety officials to increase the seating from 10,000 to 12,000.

In the longer term, only time will tell whether arena opera is just a fad, although it may be salutary to note that the mer opera (which began with an Aida in 1913) has continued uninterrupted, except for breaks to accommodate the two great wars, since it began with performances of Rossini and Donizetti in 1856 and 1859.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San Francisco emergency strains disaster relief

By Peter Riddell, US Editor, in Washington

US FEDERAL resources and disaster relief finance have been stretched by the San Francisco Bay earthquake following other recent emergencies, notably Hurricane Hugo, and both the administration and Congress accept that more money will have to be provided.

The Bush administration has been eager to demonstrate an energetic response to the latest disaster after widespread criticism of its slow reaction to earlier disasters this year, including Hurricane Hugo and the Exxon Valdez oil spill in March.

President George Bush confirmed that he would be visiting the Bay area today. Speaking after hearing a report from Vice-President Dan Quayle and Mr Samuel Skinner, the Transportation Secretary, who returned from the area late on Wednesday, Mr Bush said he would be going "to take a look, to provide encouragement to people."

He renewed his promise to provide Federal help, saying "we will stay on top of it."

Following Hurricane Hugo, which devastated Puerto Rico, the Virgin Islands and parts of the Carolinas a month ago, Congress voted an additional $1.1bn in disaster relief funds, of which $273m remains and can be used for immediate expenditure related to the earthquake.

However, this sum is regarded as inadequate. Mr Marlin Fitzwater, Mr Bush's press secretary, has said, "that obviously means that we won't have enough for all of the emergencies that are now facing us and we will have to consider appropriate requests for follow-on funding."

The Federal Emergency Management Agency, which coordinates disaster relief, has admitted to being stretched thinly since it still has centres open to deal with the aftermath of the hurricane.

Mr Grant Peterson of FEMA said the combination of the hurricane and the earthquake had given the US its worst pair of natural disasters in a century.

There has been criticism of FEMA for acting too bureaucratically after the hurricane before making payments, but members of the administration have said the response will be more rapid and flexible this time.

There is general agreement that the response to the San Francisco earthquake by state and local agencies has been considerably helped by the degree of local preparation and an earlier anticipatory exercise.

Moreover, the sizeable number of Pentagon bases in the area has also enabled the military to provide prompt assistance.

President Bush yesterday emphasised the work of volunteers – repeating one of the phrases from his election campaign last year in talking about "a thousand points of light." He noted that the Red Cross and other volunteer agencies are responding "not only with alacrity, but with this concern for their neighbours that just exemplifies the best in the volunteer concept."

Several aftershocks of Tuesday's earthquake rattled Northern California yesterday morning causing further damage in the badly hit Santa Cruz County area, about 100 miles south of San Francisco.

The largest of the aftershocks registered 4.6 on the Richter scale and occurred at 3:14am according to the National Earthquake Information Center in Colorado.

Earthquake specialists who are continuing to try to pinpoint the epicenter of Tuesday's quake yesterday discovered two huge gashes in the earth in the remote Santa Cruz Mountains.

Several homes are reported to be in danger of collapsing into the cracks.

Earthquake takes toll of the computer age

Damage to data-processing has brought business to its knees, writes **Louise Kehoe**

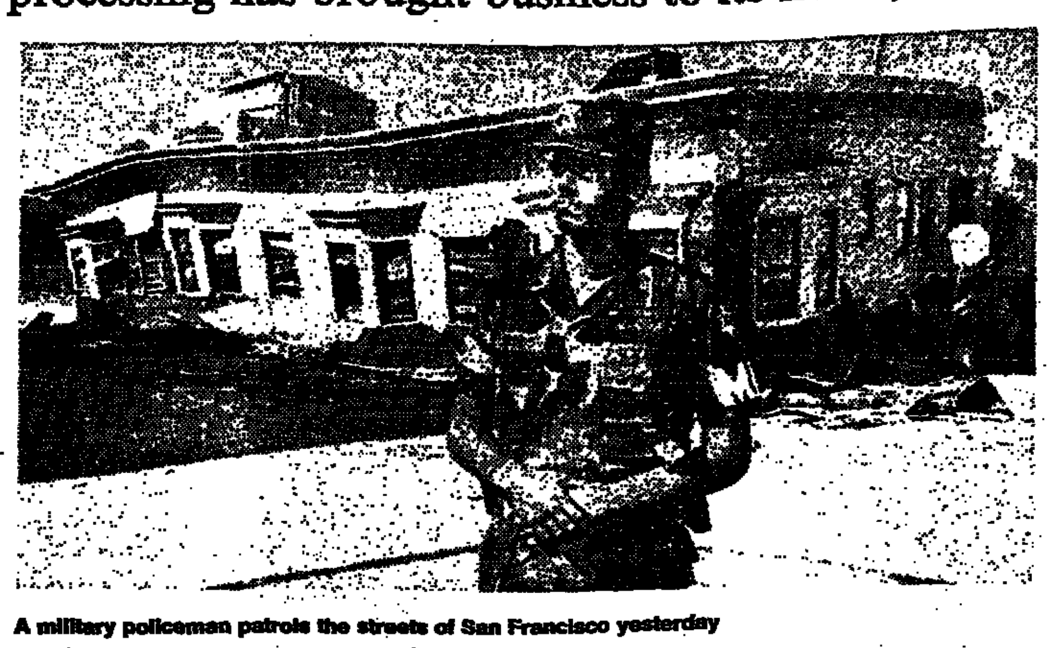
NORTHERN Californian businesses are struggling to overcome the disruption caused by the earthquake. With offices, shops and factories reopening yesterday, the full impact of the earthquake is beginning to emerge.

In San Francisco, much of the financial district which houses banks, venture capital groups and the offices of many large West Coast companies, still had no electricity yesterday. For most, that also meant no telephones. There is no word on when services will be restored.

The huge Embarcadero Center office complex remains closed. Lifts are not working and nobody is being allowed to enter the buildings. Until they do, damage assessment cannot even begin.

Many businesses have been brought to their knees by damage to their processing systems. Computer problems are widespread.

Comdisco Recovery Services, which provides back-up data processing services to large corporations, said that seven of its clients in California had "declared disaster" and had transferred their data processing operations to recovery sites.



A military policeman patrols the streets of San Francisco yesterday

The seven include one major bank, as well as companies in transportation and distribution and some manufacturers. All seven are in the San Francisco region, but not in the city, Comdisco said. "We expect to hear from more of our clients when they are able to enter their buildings," a spokesman said.

Seven more companies have alerted Comdisco that they have serious problems and may need to transfer data processing operations.

These companies represent only the tip of the iceberg. Hundreds of smaller businesses, which do not have the luxury of such back-up services, face immediate problems in trying to repair computers and telephones damaged by electrical surges, or physically damaged.

For some businesses, the earthquake has struck directly. Shops in towns throughout northern California and especially in the hard-hit areas of Santa Cruz county, have been damaged or destroyed.

Offices housing numerous small businesses in Burlingame, just south of San Francisco airport, have been declared unsafe and tenants have been prevented from entering their offices to retrieve records.

In Silicon Valley, most of the major factories appear to have escaped serious damage. "We were lucky around here," said an industry spokesman.

Even companies that sustained minimal physical damage to their buildings face serious difficulties with communications, data processing and shipment of goods.

Most companies seem to have recognised quickly that the problems faced by their employees will also cause further disruption.

Tens of thousands of people cannot get to work by their normal route. Highways to the north, south and east of the high-tech Silicon Valley region are closed and some are expected to remain so for several weeks. With direct arteries cut off, commuters will be forced to add as much as 50 miles to their drive to work.

At Intel Corporation, Silicon Valley's largest semiconductor manufacturer, production lines will begin to go back to work today, but not all of the company's employees will make it.

"We certainly understand that if people have problems to deal with at home, then that must be their priority," said Ms Pam Polachi, corporate communications manager, whose own home has been damaged by the earthquake.

Silicon Valley faces clean-up operation

By Paul Jackson in San José

THE high technology industry in the Silicon Valley, south of San Francisco, has been faced with a huge clean-up operation. Silicon Valley is the home of many computer and integrated circuit manufacturers, and several defence contractors. For economic and strategic reasons it was necessary to overcome the disaster rapidly.

Companies in the area face three problems: physical damage to plant; a shortage of staff (heeding police advice to stay home); and restrictions on water and electricity supply.

Reaction to the quake varied. Teledyne and Harris Microwave Semiconductor opted for a one-day closure. Most of the digital electronics industry – Cypress, Intel, AMD and VLSI Technology – stayed open. VLSI, a manufacturer of custom silicon chips, suffered a three-and-a-half hour power cut.

Several factors appear to have lessened the quake's effects on high-technology manufacturing in Silicon Valley. First, most buildings in the area have been built to modern earthquake standards; Cypress and VLSI have built their plants within the last five years.

Second, these manufacturing processes are vibration sensitive and their fabrication areas are built on concrete slabs, isolated from the surrounding ground.

The area close to San Jose has escaped most water supply problems. No restrictions have, as yet, been imposed on semiconductor manufacturers. These companies have come through remarkably unscathed, but whether they will be able to recover so quickly from another, possibly stronger, earthquake is unlikely. Many companies have moved to Arizona, Texas or offshore (in many cases to take advantage of lower labour and real estate costs). Even so, typically 30-40 per cent of US semiconductor production is still carried out in this area.

Brokers see latest losses as turning point for rates

"THERE are optimists who think losses in California will be in the $3bn range and pessimists who speak of $6bn," said Mr Hady Wakefield, head of North American reinsurance at insurance brokers C.W. Bowring, Patrick Cockburn reports.

In the 48 hours since the San Francisco quake the insurance industry has pursued two somewhat contradictory aims: To provide reassurance that the disaster is not so great that they will be unable to meet claims and, secondly, to press the view that the catastrophe is of a magnitude sufficient to end the prolonged depression in insurance rates.

In the immediate aftermath of the quake spokesmen for reinsurance companies like Munich Re and Swiss Re, in normal times notoriously uncommunicative, were suddenly appearing on Reuter screens with research statements underlining the minimal impact of the earthquake on their reserves.

By yesterday the emphasis in London had switched to emphasising that San Francisco coming on top of Hurricane Hugo and the fall in New York stockmarket is the psychological turning point for insurance prices. "No more rate cuts, no more three-year deals," said one Lloyd's underwriter yesterday.

Given the desire in the market to see insurance premiums go up after a two year slump, actual physical losses and the proportion of these which are insured is difficult to estimate.

Numerous insurance industry and government studies on the effect of an earthquake in California had generally assumed a more devastating quake than in fact occurred.

For instance a study in December 1988 by the All-Industry Research Advisory Council of a quake measuring 7.5 in the Richter scale beneath Los Angeles in 1990 forecast $14.6bn insurance losses for general liability and worker's compensation and total insured losses close to $50bn.

The high figures stem partly from the presumption that, as in San Francisco in 1906, a future earthquake would be followed by a fire which, unlike quake damage, is always covered by insurance regardless of cause and is therefore of great concern to insurers.

In fact the final figures for insurance losses in San Francisco will be much smaller than these forecasts. Damage to highways will be paid for ultimately by the US tax payer. Fire damage in the Marina district near Fisherman's Wharf was extensive but does not appear to involve a large number of buildings.

Belief that insurance losses will be high depends less on physical damage than the argument that prolonged interruption of business will prove very costly. For instance two week's shut down of plant in Silicon Valley will cost an estimated $3bn-4bn. Given that these losses are still going on, the final bill is impossible to estimate, but it will be high. Underlining this point one insurance broker yesterday pointed out that the cost of the Piper Alpha Platform in the North Sea was $400m, but the one 20 per cent partner in the platform who had interruption of business cover was paid $450m.

Will the San Francisco quake be the turning point for insurance rates? Brokers and underwriters at Lloyd's argue that it comes as the final straw in a series of catastrophes such as Hurricane Hugo, which caused $2.5bn damage in South Carolina alone. Certainly the London excess of loss market code number for the earthquake – CAT 89W – brings the coding system closer to the end of the alphabet than ever before.

Sandinistas condemn US for funding rivals

By Tim Coone in Managua

THERE has been a sharp condemnation in Nicaragua of the US Congress's decision to fund the opposition's electoral campaign.

An emergency session of the National Assembly was convened on Wednesday evening to discuss the $9m funding package. At least $2m of this is intended for the campaign of Mrs Violeta Chamorro, the main opposition candidate who leads an 11-party National Opposition Union (UNO) alliance. The President of the Assembly, Mr Carlos Nuñez, said the funding "will distort the electoral process".

An editorial in the ruling Sandinista party newspaper said the US move is "unprecedented in that one country's parliament should be considering and deciding upon how to finance political interference in the electoral affairs of another sovereign state".

Even the UNO itself seems divided over the issue. One of its leaders, Mr Alfredo Cesar, a former Contra, told foreign journalists recently that it did not want any US funding.

A group of seven other opposition parties are complaining that the US funding to UNO will unfairly prejudice their own chances in confronting the Sandinistas at the polls and are calling for a reform to the electoral law which presently permits overseas finance to political parties. Under the law, 50 per cent of any donations over $20,000 must go to the Supreme Electoral Council (CSE) to help finance the cost of the elections.

The US finance package will give $2m to UNO, $2m to the CSE and a further $5m will be channelled through the National Endowment for Democracy (NED). It is the final destination of the $5m part of the package which appears to be upsetting the Government the most. In the past the NED has financed opposition trade union movements, opposition radio stations and the newspaper, La Prensa, belonging to Mrs Chamorro. It is still unclear how the latest $5m will be used.

The National Assembly passed a motion of censure and declared itself "in permanent session" to consider further measures that may be taken to stop the funding reaching the opposition. If the Sandinista-dominated Assembly should decide to reform the electoral law, blocking overseas finance, the risk of abstention by the opposition in next February's elections will be greatly increased.

Bomb attacks on politicians in El Salvador

THE HOMES of two prominent leftist political leaders in El Salvador were severely damaged by bombs yesterday, AP reports from San Salvador.

The attacks were made on the houses of Mr Ruben Zamora, a leader of the Democratic Convergence, and Mrs Aronette Diaz, vice-president of the Nationalist Democratic Union.

Mr Zamora, who returned to El Salvador in 1987 after eight years' exile following the killing of his brother, Mario, said his two bodyguards were wounded by the explosion at his front door.

Mrs Diaz, widow of Mario Zamora, lives next door with her two sons. Three grenades exploded on her roof and right in front of her house moments before the bomb went off at her brother-in-law's door.

Mr Zamora is a leader of the Democratic Revolutionary Front, a leftist organisation allied with leftist rebels fighting against a succession of US-backed governments. He said the bomb attacks were "intended to impede a political solution to the war."

US may speed pull-out of dependants from Panama

AN accelerated withdrawal of American military dependants from Panama is being considered by the United States government, AP reports from Washington.

The White House said that since last spring, 6,300 Defence Department personnel had either been relocated onto US bases in Panama or sent home. But there are still roughly 11,000 dependents in the country.

The Washington Times reported yesterday that the newly-appointed US military commander in Panama, Gen Maxwell R Thurman, had asked his superiors to evacuate most of the dependents from Panama.

The newspaper, citing military sources, said Gen Thurman wanted the dependents evacuated to heighten the sense of war among his troops in Panama, where the United States has pressed for the removal of General Manuel Antonio Noriega.

Gen Noriega, chief of Panama's Defence Forces and the power behind the government, was the target of a failed coup on October 3 that received minimal support from US forces. The US had been asked by the rebels to use its troops stationed in Panama to keep reinforcements from reaching Gen Noriega, and US troops eventually were deployed along some key access routes.

Since Gen Noriega was indicted in February 1988 on charges of smuggling drugs into the United States and laundering drug money, Washington has been applying economic sanctions and other pressures on Panama to force him out.

The administration was reviewing whether the withdrawal of dependents should be accelerated, a White House spokesman said.

"We have been reviewing this matter since the spring, and we announced a programme in May which called for the return to the United States of many of the dependents in Panama," he said.

At present, he said, the US has 10,000 soldiers permanently assigned to Panama, 2,500 military people on temporary duty, 7,700 military dependents, 2,700 US civilian employees and 3,300 civilian dependents.

Cheney to visit troops in Europe, Australia

US Defence Secretary Dick Cheney will mix diplomacy with visits to US troops overseas in a three-week trip to five European allies and Australia beginning on Sunday, Reuter reports from Washington.

The trip to France, Portugal, Britain, West Germany, Italy and Australia gives him a chance to hold bilateral talks with other defence ministers and visit US troops in Britain, Germany and Italy, a Defence Department spokesman said.

Mr Cheney, who has been battling with Congress at home over the 1990 defence budget, will be making one of the longest tours by a US defence secretary in years.

He will arrive in Paris on Sunday for talks with Mr Jean-Pierre Chevenement, the Defence Minister, and will return home on November 10 at the end of US-Australian policy meetings in Sydney and Canberra.

In between will be stops in London, Frankfurt, Bonn, Berlin and Rome and next week's Nato Nuclear Planning Group (NPG) meeting at Vilamoura, Portugal.

"I'm sure that a lot of regional issues – such as the touchy subject of too many military aircraft practising at low-altitude over West Germany – will come up in the bilateral talks," said one US defence official.

Mr Cheney and Atlantic alliance defence ministers are expected to discuss conventional and nuclear arms control matters.

Mr Cheney will visit US Air Force personnel at RAF Mildenhall in Britain, American troops stationed in West Germany and will fly from Rome to a US aircraft carrier in the Mediterranean.

Argentine ministers split on VAT change

By Gary Mead in Buenos Aires

SENIOR members of President Carlos Menem's government are divided over proposals to increase and reform Argentina's value added tax (VAT).

The proposals, to be put to Congress today, follow talks with the International Monetary Fund. An IMF official, Mr Vito Tanzi, has been in touch with the Menem government since it took office in July.

Earlier this month officials suggested VAT would rise to 15 per cent and be extended to all goods and services.

But the proposal now before Congress is to levy VAT at 13 per cent, and to give the government power to adjust the rate to 10.4–15.6 per cent.

The economic team, in particular Mr Nestor Rapanelli, the Economy Minister, seems to have bowed to influential businessmen and farmers, especially grain producers. President Menem has called on farmers to increase sowing by 20 per cent this year, in a drive to increase Argentina's trade surplus.

This week the proposal to extend VAT was attacked by Bunge and Born, one of Argentina's oldest and largest grain dealers. This powerful multinational has provided both of President Menem's Economy Ministers. Mr Rapanelli, formerly vice-president of Bunge and Born, has denied that the company's criticism of the VAT measures was behind the changes to the proposals.

In its criticism Bunge and Born suggested that VAT evasion undermines its usefulness, and proposed a sales tax.

The implication of the tax reform tussle is that President Menem's efforts to reform his country's fractured economy depend on an unstable alliance of various sectors. This month has seen the crumbling of his trades union support. If large companies such as Bunge and Born – until now fully behind him – reconsider their position, his control over government will appear weakened.

Menem grants more pardons

Argentine President Carlos Menem has pardoned seven former guerrillas and three military officers involved in the 1970s "Dirty War", Reuter reports from Buenos Aires.

Human rights groups and opposition parties plan to demonstrate today against further pardons for six former military leaders and a former guerrilla leader jailed for murder and kidnapping.

Crusader's downfall blow to Brazil's socialist candidate

By Ivo Dawnay and John Barham in Rio de Janeiro

THE IMPEACHMENT this week of Brazil's best-known crusader for clean local government is threatening to undermine her party leader, Mr Leonel Brizola – the veteran socialist running second in the race for the presidency.

The fate of Mrs Regina Gordilho – until Tuesday the president of Rio de Janeiro's corruption-riddled city council – has split Mr Brizola's Democratic Workers' Party (PDT) and provided powerful ammunition for his opponents.

It also aptly symbolises the difficulties of those committed to fight the nepotism and graft that permeate all levels of Brazilian government.

All 22 candidates in the country's first free presidential poll for 29 years – due to begin next month – are promising to rid the country of corruption. But few are believed.

Mrs Gordilho, a 54-year-old businesswoman, was widely trusted for the very reason that she entered politics as an amateur. She came to national prominence for her tireless campaign to prosecute five policemen who killed her son, Marcellus, when arresting him in still-unclear circumstances in 1987.

While the police were merely reprimanded for being overzealous, Mrs Gordilho's battle with the establishment won her a council seat for the PDT.

Recognising her cross-class appeal, Mr Brizola – much of whose powerbase lies in Rio's

Leonel Brizola: dilemma

populist politics – promoted her to council president.

Once in office, she immediately proceeded to unearth widespread corruption, including hundreds of illegally hired civil servants and a network of graft implicating officials and councillors, including several from the PDT.

Ignoring death threats, Mrs Gordilho dismissed more than 400 employees, and, facing opposition from other councillors, initiated a citizen's criminal prosecution of those allegedly involved in irregularities.

Last month, a cross-party coalition launched impeachment proceedings, claiming Mrs Gordilho had exceeded and abused her powers. This week, in a tumultuous secret session, the council removed her from office in a 29-to-2 vote amid jubilant singing of the national anthem by a mob of council workers.

On Wednesday, her supporters attempted to storm the council chamber in her defence, hurling coins and banknotes through the locked gates in Brazil's traditional gesture of disgust at government corruption.

The dramatic events, which have had innumerable parallels in other municipalities across the country this year, have left Mr Brizola in a dilemma.

(Opt cut) Long accused by rivals of having run his governorship of Rio state on Tammany Hall lines, he is now considering ousting from the party the five PDT councillors who voted for Mrs Gordilho's sacking. But that would alienate large sections of his party organisation. (end opt cut)

Today Mr Brizola is scheduled to hold his largest rally yet in the presidential campaign before voting begins on November 15. Unfortunately for him, it is due to end up outside the Rio council chamber, where the honesty of his councillors has been placed in doubt.

But the Gordilho case also reflects poorly on the entire Brazilian political class. Her story goes some way to explaining the low esteem in which politicians are held by the country's increasingly embittered electorate.

Salinas claims rise in growth

By Richard Johns in Mexico City

MEXICO'S economy is now expected to grow by 3 per cent in 1989 compared with the official projection of 1.5 per cent made at the start of the year, according to President Carlos Salinas de Gortari.

Speaking to union leaders he said that the expansion would exceed the increase in population – estimated at 2.1 per cent – and "places the country on the path toward creation of new jobs demanded by all Mexicans".

Addressing a meeting of the National Assembly of University Workers, Mr Salinas accepted the legitimacy of their demand for better working conditions but warned that high pay settlements were incompatible with the continued policy of lowering inflation and economic recovery.

His reassurance came amid growing pressures for wage rises far in excess of the 6 per cent laid down as the minimum rate in the August-March period and calls from business for selective unfreezing of prices. During the first half of 1988 the economy grew at a rate of 2.9 per cent compared with the same period last year, according to the Bank of Mexico.

While government spending has remained stagnant during the past 20 months, gross capital formulation rose by no less than 9 per cent in the first half of 1989, providing the main engine for growth, it says.

Mr Ernesto Zedillo Ponce de León, Minister of Planning and the Budget, commented with some caution earlier this week that the development of the economy so far this year "has been very favourable and the perspectives are good allowing for a reasonable optimism".

In official circles, however, there is concern about the danger of a build-up of inflationary pressures, not the least as a result of the higher expectations of the resumption of growth this year after six years of stagnation, and a 40-60 per cent decline in real incomes. Inflation during the January-August was 11.5 per cent, or at an annualised rate 16.9 per cent, according to the official consumer price index of the Bank of Mexico.

Last month the Government conceded price increases of 11 per cent for electricity for consumers using more than 200kwh per month and 28 per cent for soft drinks.

Prior to the monthly meeting yesterday of the Follow-up Committee for the Pact for Economic Growth and Stability (PECE), Mr Fidel Velásquez, veteran leader of the Confederation of Mexican Workers, called for wage increases.

He demanded an urgent meeting of the National Commission on Minimum Wages, while Mr Jorge Sanchez, secretary-general of the Mexican Union of Electricians, said that the labour movement should "take a more radical posture" dand exact the proper fulfilment of the pact".

Bush rebuffed over flag-burning

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush yesterday suffered a rebuff from the Senate over his high-profile attempt to secure an amendment to the US constitution banning the burning and desecration of the American flag.

The Senate voted only 51 to 48 in favour of the proposal, well short of the two-thirds majority required for a constitutional amendment.

Mr Bush has sought to make considerable political capital out of the flag issue since the Supreme Court ruled in the summer that a protester who burned the flag at the 1984 Republican convention was exercising his rights of free speech.

Democratic leaders have argued that a constitutional amendment is unnecessary and a statute to protect the flag like the one approved by Congress last week is sufficient.

Mr Bush and the Republican leadership have argued that a more specific prohibition in the constitution is necessary. While not vetoing the law, he has not signed it.

Some Democrats initially feared that the Republicans would used the political symbolism of the flag against them in next year's elections, but public and political opinion appears to have swung away from a constitutional amendment in the last couple of weeks.

UK NEWS

Hurd announces inquiry into Guildford case

By Robert Rice and Ralph Atkins

FOLLOWING the decision by the Court of Appeal to quash the convictions in the IRA bombings case Mr Douglas Hurd, the Home Secretary, told the House of Commons that a judicial inquiry will be held into the circumstances leading to their wrongful imprisonment.

It will run simulataneously with an criminal investigation set up this week by Mr Allan Green, QC, the Director of Public Prosecutions. This will investigate whether there is sufficient evidence to justify prosecuting any of the police officers involved.

Last night three of the Guildford Four, sentenced to life imprisonment in 1975 for the Guildford and Woolwich pub bombings were experiencing their first taste of freedom in almost 15 years.

The fourth member of the group, Mr Paul Hill who is also serving a life sentence for his part in the murder of a former British soldier in 1974 was on his way to Belfast where his case for early release will be examined by the authorities under the normal review of life sentence procedures.

Mr Hurd said that of the three officers concerned who are still in the police service two have been suspended and another is in hospital.

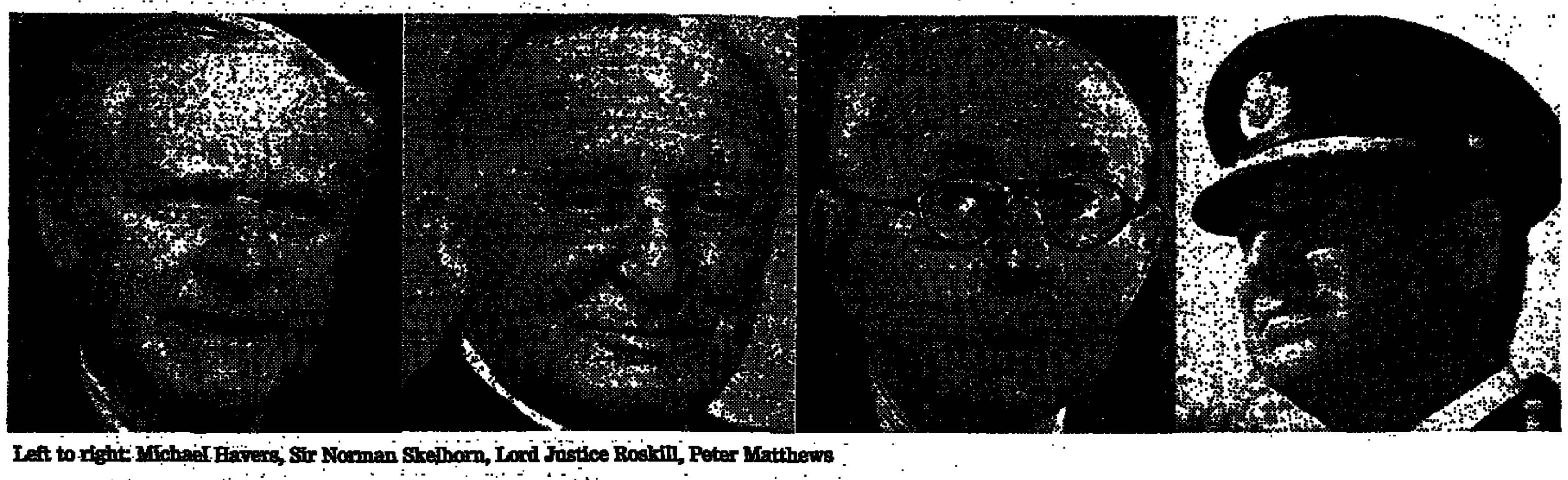
The inquiry into the bombings would also be reopened, he said. It was likely that this would involve a re-examination of the evidence of the four members of the IRA active service unit arrested after the 1975 Balcombe Street siege.

At their trial in 1977 on a series of bombing charges, they gave evidence that they had been responsible for the bombings of the Horse and Groom and Seven Stars pubs in Guildford, Surrey and the Kings Arms in Woolwich, south-east London, in which seven people died and more than 80 were injured.

When reviewing the case of the Guildford Four later that year the Court of Appeal rejected the evidence of the Balcombe Street gang as "a cunning and skilful attempt to deceive the court by putting forward false evidence".

Mr Hurd said the judicial inquiry, which will be headed by Sir John May, the former Appeal Court judge, will also investigate circumstances leading to the 1976 trial of the Maguire family for possession of explosives. No timetable has been set but it could take more than a year to complete if it had to be adjourned because of criminal proceedings.

Last night those who had campaigned on behalf of the Guildford Four were delighted by their release. Cardinal Basil Hume, The Archbishop of Westminster who had been at the Old Bailey for the hearing said: "I have been convinced since 1978 of their innocence and I am very happy indeed to know that their innocence has at last been established. I only wish that the due processes of law could have resulted in this happening sooner".



Left to right: Michael Havers, Sir Norman Skelhorn, Lord Justice Roskill, Peter Matthews

Report casts doubt on honesty of IRA case police

By Robert Rice, Legal Correspondent

THE convictions of the three Irishmen and one English woman jailed for the 1974 Guildford and Woolwich pub bombings were quashed yesterday by the Court of Appeal.

Lord Lane, the Lord Chief Justice, and two other appeal court judges made their decision after hearing how police officers who gave evidence at their trial in 1975 altered notes of interviews, suppressed significant matters and gave false evidence.

Mr Roy Amlot QC, for the Director of Public Prosecutions, said that since the Home Secretary's decision in January to refer the case back to the Court of Appeal, evidence of great significance had come to light.

The evidence threw "such doubt upon the honesty and *integrity of a number of the* Surrey officers investigating this case in 1974 that the Crown now feels unable to say that the convictions of any of the four are safe or satisfactory."

Mr Patrick Armstrong, Mr Gerard Conlon, Mr Paul Hill and Ms Carole Richardson received life sentences at the Old Bailey in October 1975 for the bombings of the Horse and Groom and Seven Stars pubs in Guildford, Surrey and the Kings Arms in Woolwich, south-east London, in which seven people died and more than 80 were injured. The pubs were frequently used by Army personnel.

The evidence uncovered by Avon and Somerset police would have contaminated the prosecution case at the original trial, Mr Amlot said. It was crucial in a case which "depended entirely on the confessions and particularly on the integrity of the officers taking them."

Mr Amlot told the court there were many discrepancies between the accounts given to Surrey police by all four defendants on Guildford and between statements made on the Woolwich bombing.

The Crown's case was that the defendants had either deliberately misled the police or minimised their roles out of *self-interest*.

In 1977 the four made an application to the Court of Appeal for leave to appeal. The issues at the hearing arose out of evidence given by three members of the IRA active service unit arrested after the Balcombe Street siege in London in 1975.

They said at their trial that they had carried out the Guildford and Woolwich bombings.

All had been convicted of an appalling catalogue of murders, shootings and bombings and all claimed that the Guildford Four had nothing to do with either bombing. If they were right, the confessions made by the four were false, Mr Amlot said.

At the appeal hearing, the Crown did not challenge that Joseph Connell, one of the Balcombe Street gang, may have participated in Guildford or that three of them may have participated in the Woolwich bombing.

Having assessed the evidence of the Balcombe Street defendants, the Appeal Court decided there was no reason to impugn the integrity of the confessions made by the Guildford Four to the Surrey officers.

Turning to the investigation carried out by Avon and Somerset police at the request of the Home Secretary in 1987, Mr Amlot said it was necessary to emphasise that they were not originally asked to investigate the behaviour of Surrey officers or the circumstances of the detention and interrogation of the four in 1974.

After the Home Secretary had referred the case again to the Court of Appeal, Avon and Somerset officers started a close inspection of the vast amount of documentation generated by the Guildford case, the Balcombe Street case and the application to the Appeal Court in 1977. All were likely to feature in this second appeal.

Close scrutiny of all the papers only became necessary after the referral to the Court of Appeal this year, and Avon and Somerset officers discovered rough draft notes of each of the three interviews with one of the accused.

The notes were typewritten with a large number of alterations in manuscript and had been identified by the three Surrey officers concerned. "In their altered form they match almost word for word the manuscript notes of the interviews used by the officers in the trial," Mr Amlot said.

At the trial the officers claimed that the manuscript notes were made contemporaneously during each interview, but if that was so it was difficult to see why draft notes were ever made.

It was impossible to say why the draft notes took the form they did, unless they were made before the manuscript notes. If they were, the manuscript notes could not have been made during the interviews.

The officers concerned could not offer a satisfactory explanation, he said. The inescapable conclusion was that no contemporaneous notes were made of the interview.

The Crown now says that not only did all three officers involved in the interviews mislead the court, but because of the notes, preparation and statements they gave, they clearly agreed to present their notes in this fashion, Mr Amlot said.

Mr Amlot said it was clear that a full criminal investigation of these matters was called for. "Whatever such an investigation might ultimately reveal, it has become necessary for the Crown to assess its attitude to these appellants in the light of this material recently discovered."

It was the view of the Crown that newly discovered interview notes "show clear prima *facie evidence that a total of* five officers seriously misled the court in relation to two of the four appellants." In the trial the prosecution suggested the version of events given by Mr Patrick Armstrong, one of accused, could be regarded as the most true among the substantially different accounts given by the defendants.

Therefore it was inevitable that evidence which affected Mr Armstrong's confession must affect the case as a whole, he said.

BANKERS AT THE MANSION HOUSE

SE chairman calls for outside support for settlement system

By Richard Waters

THE Stock Exchange cannot solve the problem of developing a new settlement system for the London equity market without outside support, Mr Andrew Hugh Smith, the Exchange's chairman, said last night.

The improvement of the system is the "most pressing need" facing the exchange if it is *to maintain its leading* position in the trading of international securities, he said.

"We need the co-operation and assistance of all parties involved, and all parties need to show vision and persistence," he added. "These projects are vital to the future of our securities markets and unless we can make them move rapidly ahead our hard won international leadership will be at serious risk."

Alluding to the volatile state of world stock markets at the start of this week, Mr Hugh Smith said the performance of the UK equity market during the upheaval gave comfort, "certainly when measured against that of other European markets."

Mr Hugh Smith expressed his unease about the use of circuit-breakers, which cause a suspension of trading at times of extreme volatility.

He warned that the UK was too often seen as trying to impose a brake on progress in Europe and instead should put forward workable alternatives.

● The first phase of Taurus, the Stock Exchange's paperless settlement system, will be implemented on 23 February, it was announced yesterday. This will link institutional investors electronically into the Exchange's *existing Institutional* Net Settlement system. This is the first, limited phase of a development which is intended eventually to automate the settlement of share bargains. The design of the main part of the system is still under discussion.

Lawson and Howe repudiate Walters' criticism of EMS

By Ivor Owen, Parliamentary Correspondent

MR NIGEL LAWSON, the Chancellor of the Exchequer, was joined by Sir Geoffrey Howe, the deputy Prime Minister, in the House of Commons yesterday in rejecting criticism of the European Monetary System expressed by Sir Alan Walters, chief economic adviser to Mrs Margaret Thatcher, the Prime Minister.

Taunts from the opposition Labour front bench led to the double barrelled repudiation of Sir Alan's assertion that the EMS was "half baked" and that arguments for its exchange rate mechanism had "never attained even a minimum level of plausibility."

With Mrs Thatcher in Kuala Lumpur for the Commonwealth Conference, it fell to Sir Geoffrey to respond when Mr Neil Kinnock, the Labour leader, underlined Sir Alan's claim that the Prime Minister concurred with his view of the EMS.

Again emphasising earlier reports of differences between the Prime Minister and Mr Lawson over sterling's inclusion in the exchange rate mechanism, Mr Kinnock asked if Sir Geoffrey expected her to repudiate her chief economic adviser or her Chancellor.

Sir Geoffrey replied that Sir Alan's advice was one of the factors taken into account by the Prime Minister and the rest of the Government.

He stressed that the policy of the Government was stated by people speaking on its behalf.

Sir Geoffrey said that both the Prime Minister and the Chancellor had articulated policy in "precisely the same terms" and would continue to.

Mr Kinnock asked if Sir Geoffrey was saying that Sir Alan had not told the truth when he said that the Prime Minister agreed with his view.

Amid derisive laughter from the opposition benches, Sir Geoffrey retorted that he was not required to answer for "every nuance."

He reaffirmed that the Prime Minister's view had been reiterated by both himself and Mr Lawson.

The Chancellor had earlier told Mr Gordon Brown, a Labour Treasury spokesman, that Sir Alan's view of the EMS was "clearly not the view of the Government."

Mr Lawson said the Prime Minister had made it clear that the Government was "committed fully" to joining the EMS as part of stage one of economic and monetary union.

Mr Brown had kept up the pressure on the Government front bench by contending that the House was entitled to know whether the Chancellor or Sir Alan was in charge of economic policy, and who ought to make the Mansion House speech later in the day.

Opposition MPs launched further protests about the hardship which high interest rates were imposing on home buyers.

Unease among Government members on this issue was reflected by Sir Anthony Grant, a Cambridgeshire MP.

A member of the executive of the 1922 committee of Conservative MPs, Sir Anthony urged the Chancellor to pursue the quest for an alternative to the "crude" instrument of high interest rates, which bore very cruelly on small businesses and home owners.

Leverage worries 'unjustified in Britain'

By David Lascelles, Banking Editor

WORRIES about high leveraged finance – one of the suspected causes of this week's crash on Wall Street – were not justified in the UK, according to Mr Robin Leigh-Pemberton, Governor of the Bank of England.

He told the Mansion House dinner last night that, as banking supervisor, the Bank's concern was with the effect of highly leveraged deals on banks which supply the bridging or longer-term finance which made them possible. This could bring banks up against the limits on large exposures.

But the Bank believed that "in practice the loans have been so structured and distributed as to give us no concern on this score."

He said he was not opposed to high risk, or "junk", bonds in principle, provided those who invested in them satisfied themselves that they were being adequately rewarded for the risk. Even though there had been few junk bond deals in the UK, this did not immunise the London market from the shocks on Wall Street.

The Bank was continuing to monitor the exposure of banks to high risk transactions, he said, particularly those which were vulnerable to developments, like a rise in interest rates, which affect a lot of borrowers the same way. But he went on: "I can say that this exposure too is still at present below the level that might turn on a danger signal."

The Governor's reassurances, which were strongly stated, were in sharp contrast to the concerns he voiced last week about the level of bank lending to the property sector, suggesting that property loans are currently the Bank's chief preoccupation.

Mr Leigh-Pemberton welcomed moves by the Securities and Investments Board and the Department of Trade and Industry to reduce the cost of regulation in the City. But he warned that the authorities would have to strike a balance between protecting investors and controlling the cost of regulation to financial firms.

He also praised Mr Andrew Hugh-Smith, the chairman of the Stock Exchange, for pursuing improvements to the exchange's settlements systems and dealing rules. Together with other initiatives to improve the City's infrastructure, including the money markets, he said these would be essential in maintaining London's position as the pre-eminent financial centre in its time zone.

Test case judgment in magazine libel case

By Robert Rice, Legal Correspondent

PRIVATE EYE, the satirical magazine, yesterday won its appeal against the record £600,000 libel damages awarded to Mrs Sonia Sutcliffe, the estranged wife of the murderer known as the Yorkshire Ripper.

The damages were awarded by a High Court jury in May to Mrs Sutcliffe, whose husband Peter was jailed for life in 1981, after being convicted for his involvement in a string of 13 murders in a four year period in the north of England.

The Court of Appeal led by Lord Donaldson, the Master of the Rolls, dismissed the magazine's appeal on the question of liability and its application for leave to present fresh evidence.

But it ordered that the jury's verdict on damages should be set aside to be reassessed by a new jury, unless both parties were now agreed that the Court of Appeal should reassess the size of the award.

Mrs Sutcliffe had already indicated to the court that she was prepared to allow it to reassess damages if the appeal went against her, but this had been opposed by Private Eye.

Mr Gavin Lightman QC, for Private Eye, told the Court yesterday, however, that the magazine was now happy for the Appeal Court to reassess the damages.

This will give the Court of Appeal the opportunity to set down guidelines to be followed by High Court judges in future when directing juries on the appropriate level of damages in libel cases.

Mrs Sutcliffe, 38, was not in court to hear the decision. The High Court jury had awarded her the record libel damages, £575,000 of which were immediately stayed pending the outcome of the appeal, over allegations made in the magazine's "Street of Shame" column in January 1981 and repeated in February 1983 that she had negotiated with the press to sell her story and was prepared to capitalise on her husband's notoriety.

Private Eye had asked the court for a retrial - both on liability and damages - because of new evidence provided by Mr Oliver Duke, a former boyfriend of Mail on Sunday journalist Ms Barbara Jones.

His sworn statement that he took part in a scheme to get £25,000 to Mrs Sutcliffe from the Mail on Sunday "in a roundabout way" justified "the sting" of what was published, the magazine claimed.

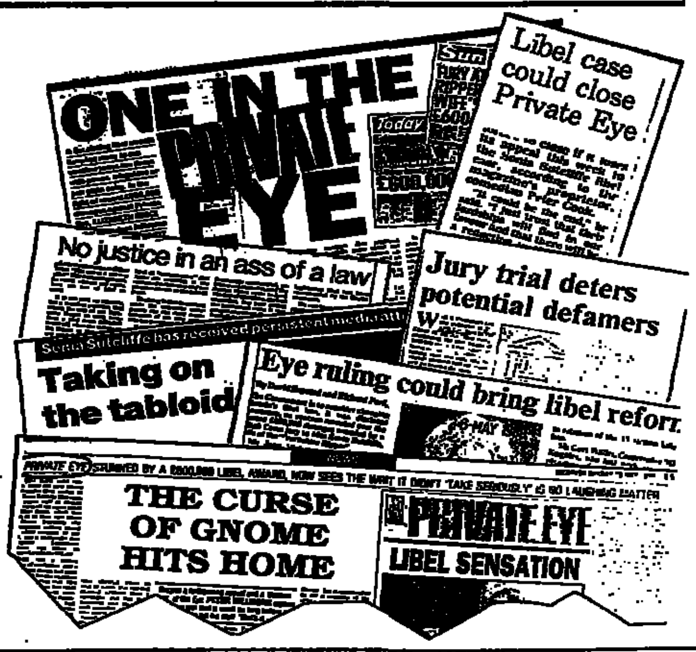
Lord Donaldson said Mr Duke's evidence, if accepted, cast a flood of light upon the honesty and journalistic standards of the Mail on Sunday, but was quite irrelevant to the issues in the action unless Ms Jones was prepared to swear that Mrs Sutcliffe knew that a newspaper was the source of the £25,000 loan.

On the size of the award, he said it was not open to Private Eye to argue that it must be excessive because it was "far far higher" than personal injury awards.

Parliament had decreed that juries - not judges - should assess libel damages. Juries were free to give effect to "gut reaction" to an extent which judges were not.

Lord Donaldson said he also could not believe that the jury appreciated the true size of the award they were making.

"What is, I think, required is some guidance to juries in terms which will assist them to appreciate the real value of large sums."



Unit wage costs higher as productivity deteriorates

By Patrick Harverson, Economics Staff

UNIT wage costs rose sharply and productivity continued to deteriorate in the three months to August, according to official figures yesterday, indicating that wage-inflationary pressures in the British economy have not abated.

The Department of Employment said that wages and salaries per unit of output in the manufacturing sector grew at an annual rate of 4.6 per cent in the three months to August, compared with 3.9 per cent in July.

At the same time, the growth in manufacturing output per head fell from 6.3 per cent to 5.4 per cent in the last quarter. For the whole economy, the annual rate of productivity growth rose by 0.7 per cent in the second three months of this year, the lowest rate for more than four years.

Both sets of figures were regarded by analysts as further evidence that cost pressures from the labour market have not eased. The fact that productivity increases have not been sufficient to offset rising wage costs will undermine attempts by the Government to bring down inflation from its current 7.6 per cent.

The Government has expressed its concern on many occasions recently about the impact of rising wage settlements on inflation, and how high wage costs undermine the competitiveness of British industry. Yesterday's figures showed that unit wage costs in Britain are rising faster than in the US, West Germany, France and Japan.

The news on underlying earnings was more positive. It showed that the annual growth rate of average earnings was unchanged in August at 8¾ per cent. City of London analysts had been expecting earnings to rise in August.

Average earnings growth in July was a revised 9 per cent, but since then the Department of Employment has recalculated the average earnings index to take into account the results of the 1987 employment census and the growth in new service industries in Britain. The number of firms sampled has also been increased by 1,000 to 8,000 and the index rebased to 1988.

However, underlying earnings growth is regarded by the Government and analysts as still too high. It is expected to rise further in coming months as the big wage settlements negotiated this summer feed through into the index.

Mr Adrian James, UK economist at County NatWest, forecast that the recent wage rises negotiated by local authority employees and the police would push annual average earnings growth up to 9 per cent next month.

Productivity in the whole economy was 0.6 per cent lower in the second quarter of this year compared with the first quarter. Part of this decline was attributed to the effects of the Piper Alpha oil platform disaster in the North Sea and other oil industry interruptions. These are are estimated to have reduced the increase in productivity by about one percentage point in the first six months of 1989.

In the manufacturing sector the long-term trend in productivity remained downward in August, although there was a small rise on the monthly comparison.

Bank figures say institutions put £3bn in foreign equities

Overseas investment boosted

By Eric Short, Pensions Correspondent

INSURANCE companies, pension funds and other financial institutions specialising in long-term investment put about £3bn into overseas equities in the second quarter of this year, the Bank of England reported yesterday.

It was the third successive quarter in which the institutions invested heavily in overseas equities, although the second quarter amount was slightly down on the first quarter's £3.2bn.

It ended a long period of low or even negative investment overseas by institutions. Total overseas investment so far this year, at £6.3bn, is already past the record of £5.8bn for the whole of 1986.

Pension funds are leading the rush overseas, with £2.5bn invested in the first half of the year.

Life companies have invested £1.9bn overseas in the first half of this year, but that represents only a quarter of total net investment. Those institutions are still investing strongly in UK equities – £2bn in the second quarter and £2.3bn in the first.

However, it appears unlikely that investment this year in UK equities will reach last year's £8.9bn and will certainly fall short of 1987's £14.9bn.

Again pension funds lead the field with £1.1bn invested in UK equities in the second quarter.

Investment in UK equities by life companies fell in the second quarter to £729m from £1.2bn in the first quarter.

In contrast, the institutions have been heavy net sellers of UK gilts this year.

Some £2.7bn was disinvested in the second quarter, following net disinvestment of £2.4bn in the first.

Institutions have sold far more gilts than in the whole of 1988, when there was a total net disinvestment of £1.9bn.

Institutions are offsetting the effects of a contracting gilt market by switching to UK corporate bonds.

Some £1.25bn was invested in these assets in the second quarter, following £1.7bn in the first.

Investment in property remains low this year following last year's revival, with a net disinvestment in the second quarter of £94m, accounted for by pension funds' net disinvestment of £195m.

London heliport planned for 1992

By Paul Betts, Aerospace Correspondent

A CONSORTIUM including Midland Bank, the Hanson Group, Trafalgar House, BAA and the Carroll Group, will seek planning permission next month to build a £10m heliport in the heart of the City of London.

The promoters hope to complete construction of the helicopter landing site on an elevated deck on the Thames close to Cannon Street Station by 1992 to take advantage of the single European market.

The project is expected to face fierce opposition from local residents and environmentalists. A few years ago, opposition from residents forced the closure of a helicopter landing site nearby.

City institutions appear intent on intensive lobbying for the proposal, which they see as giving faster and more direct access into the capital's financial centre.

Sir Kit McMahon, the Midland Bank chairman, said yesterday he had asked firms to support the plan and had received £250,000 backing for the project.

Sir Gordon Booth, a director of the Hanson Group said there was "a formidable economic case" for a helicopter airport in the City. A new heliport was "an essential business tool" in the City's struggle to compete with other major international financial centres which already had such facilities.

Consultations by planning authorities are expected to take four or five months and, if approved, the consortium hopes to start construction in mid-1990 and have the heliport ready for operation in early 1992.

Only two helicopters meet the required performance standards for the heliport - the Twin Squirrel and the Dauphin, both manufactured by Aerospatiale, and the French state-owned aerospace group. The promoters of the project said they expected four additional types of helicopters to have qualified by the time the heliport becomes operational - the Sikorsky S76, the Augusta 109, the Bölkow 105 and the Bölkow 117.

Government warned power sell-off will fail to meet deadline

By Maurice Samuelson

THE GOVERNMENT was warned yesterday that without further basic adjustments to its electricity privatisation proposals the sell-off of the industry was unlikely to be completed by the next general election.

Dr Dieter Helm, director of Oxford Economic Research Associates, issued the warning in London at an electricity privatisation conference organised by the Confederation of British Industry, the employers' organisation.

His remarks were in stark contrast with the confidence of Mr John Wakeham, Energy Secretary, who opened the conference, that the sell off would be completed on schedule within the lifetime of the present parliament, "as this Government had always intended."

Dr Helm, predicting further substantial changes in the privatisation proposals, cautioned his audience, which included representatives of some of the country's biggest electricity purchasers, against entering private energy contracts with generators on the basis of the contractual package announced by Mr Wakeham two weeks ago.

The Wakeham contracts package was also criticised by Mr Michael Gibbons, chief energy purchaser of Imperial Chemical Industries, who described the 15 per cent limit on direct sales by generators as "the most glaring example of unworkability".

The two big generators, PowerGen and National Power, rallied to Mr Wakeham's defence, however. Mr Ed Wallis, PowerGen's chief executive, said privatisation had already unleashed competitive forces and that by next year more competition would exist in the British electricity industry than anywhere else in the world, including the US.

Mr Robert Robinson, National Power's head of sales, said that despite the disappointment of customers about the way competition would be phased in, "we must not lose sight of the objective to introduce competition".

The decision had been taken and it was now up to suppliers and customers to make it work - "not to allow the concept to fall, leaving us with the old world of monopoly supplies."

Pocketphone consortium seeks edge in UK market

By Terry Dodsworth

THE BATTLE for the UK pocketphone market intensified yesterday when PYPS, one of the four companies licensed to run the new telepoint system, announced that it would be introducing handsets which use common industry standards.

The common standards have been set by the Government to allow pocketphones sold by one of the licensee groups to be used universally on the telepoint networks run by the other operators. All four licensee groups will have to offer this facility by mid-1991.

Mr Peter Wright, managing director of PYPS, made it clear yesterday that the company intends to use the common standards technology to try to establish a competitive edge over its three competitors. These companies are in the process of launching their own telepoint networks using their own proprietory standards, and are unlikely to change to the common system before PYPS has launched its service next spring.

Telepoint is a mobile, cordless telephone system which allows callers to use their handsets within 200 metres of special base stations.

PYPS, a consortium of Barclays Bank, the Phillips Electronics Group and Shell, is buying its pocketphones and infrastructure equipment from GPT, the telecommunications manufacturing subsidiary of General Electric Company, in which Siemens of West Germany has taken a stake.

Aid funds programme attacked as immoral

By Martin Wolf

THE USE of aid funds to save trees rather than people is immoral, Professor Deepak Lal, said yesterday, in the 20th Wincott Lecture, given in London.

In a condemnation of "eco-imperialists," Professor Lal also attacked as immoral the imposition on poor countries of western ideas of "sustainable development" which would reduce their economic growth.

The arguments for both international co-operation over the environment and international macroeconomic co-ordination were "deeply flawed."

Professor Lal's discussion of environmental co-operation is scathing. While there is a theoretically valid case for intervention in terms of the so-called "tragedy of the commons," it is empirically feeble, he asserts.

The "hysteria," which Professor Lal identifies over the greenhouse effect and the ozone layer follows hard on that about the world food shortage in the 1970s. It may, he says, be no better based.

First, there is no clear relation between greenhouse gases and climate. Some reputable scientists argue the earth is about to cool, not warm. Secondly, warming may well may "turn out to be quite beneficial for India and Africa - where the deserts bloom. The US grain belt suffers."

In addition, there is "doubt whether the Antarctic Ozone Hole is linked to CFCs. It could be ephemeral."

On international macroeconomic co-ordination, Professor Lal notes that "the US and Germany have very different levels of tolerance for inflation." Furthermore, "there is no agreement about the true macroeconomic model for any country or the world economy." Finally, "it is by no means apparent that policy collusion by governments is to be preferred to policy competition from the point of view of the citizens of the world."

Deepak Lal, The Limits of International Co-operation, Twentieth Wincott Lecture, Institute of Economic Affairs, 2 Lord North Street, London SW1P 3LB.

UK NEWS

Watching the dust settle after Plessey

Terry Dodsworth on prospects for executives and staff after the company's takeover

IN the aftermath of the Plessey takeover, Mr Stephen Walls, then the company's managing director, has bought a black Porsche with white leather trim. He can afford it. At 42, he is reckoned to have left the company with approximately £1m from his outstanding contract and share options - a tidy sum for a man who joined Plessey only a little over two years ago.

Mr Walls, a frank, engaging accountant with several years' experience in the US, only chuckles when asked to confirm his millionaire status. Even so, he would find it hard to deny that he has, overall, gained from the takeover by the GEC-Siemens consortium.

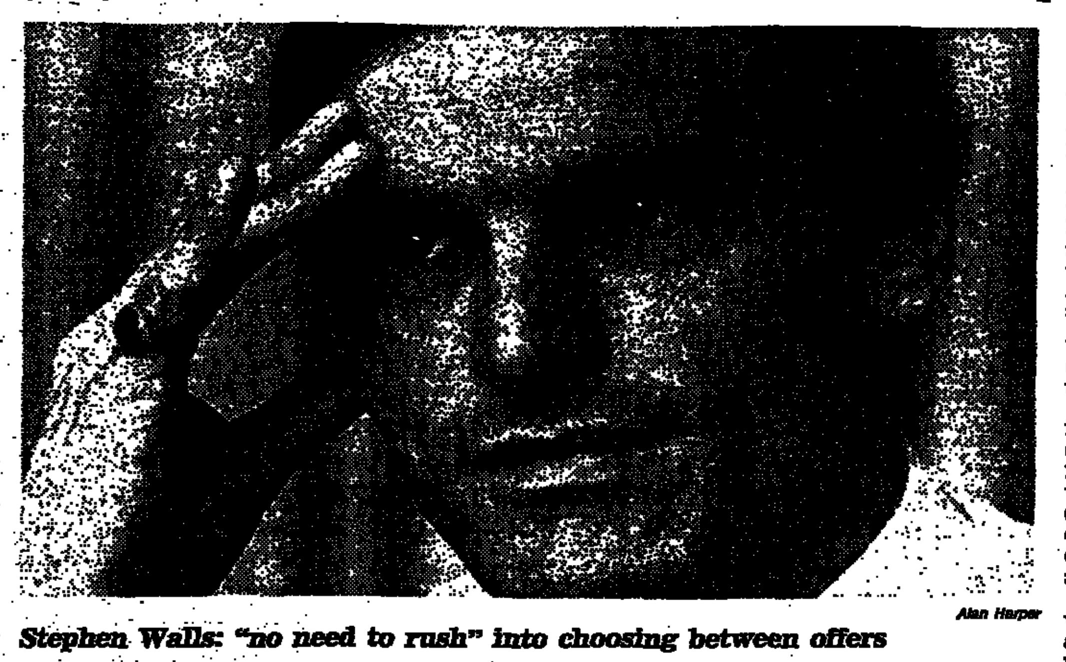
He arrived at Plessey already reasonably wealthy after being on the receiving end of a similar hostile acquisition in the US. "If you get two of these together like I've had, it can be quite helpful," he says.

He has kept a house in Connecticut and he is a highly marketable executive. "I have a fair array of offers and I shall probably stay in the UK, but I don't need to rush into a decision," he says.

Several of Plessey's former top team will make substantial financial gains. The four executive directors who have left – Sir John Clark, the group's redoubtable chairman, Mr Walls, Mr Warren Sinsheimer and Professor William Gosling – all had hefty share options. None needs to work again.

Prof Gosling, a voluble former academic who has been responsible for Plessey's technology and research operations, concedes that, at 57, he is thinking of sitting back and writing books. He is not really rich, he says, "but Plessey has a very generous arrangement for pensions, which allows you to leave at 55. One of my options is simply to retire."

Although some Plessey managers have landed on a plump financial cushion, many are thinking more of what they have lost. "I feel extremely sorry for Sir John Clark," says one of his close associates. "He fought like a tiger against this takeover where others had given up. Now he has lost it all: the battle, his position, and the company that his father established and entrusted to him."



Alan Harper

Stephen Walls: "no need to rush" into choosing between offers

Sir John, on holiday this week, has not been available for comment. The strength of his feeling, however, can be gauged by the way he kept up the struggle during Plessey's last days of independence, when he lobbied the country's leading politicians from the Prime Minister down.

Further down the organisation, managers are bemoaning the loss of the creature comforts that go with big company executive life, such as company cars and secretaries. More seriously, the year-long battle to save Plessey has left intense frustration about the way Britain's industrial future is decided in bid battles.

One senior executive, who did not wish to be identified because he may be on the list of redundancies, said: "We felt we had a strategy for growth and development which would appeal to shareholders. We had sufficient technology; we had moved into both the US and Europe; and we had established an effective new top management team.

"We were also putting in place a programme for creating a strong defence company that would have acted as a counterweight to GEC – a project that should have appealed to the Government. But we were never given the chance to try it out."

Seen in that light, Lord Weinstock, GEC's managing director and grand strategist, seems to have been especially prescient when he made his consortium bid for Plessey in tandem with Siemens in November 1988.

At that time, Plessey was within days of signing a deal with Thomson of France to bring their naval systems together. Each would have had 40 per cent of the other's activities in the field, and there would have been an umbrella organisation to co-ordinate operations. In the long term, it might have led to a more far-reaching agreement between the two companies – indeed, Thomson's keenness to enter the UK defence market has recently produced an alliance with British Aerospace which may eventually lead to a bid for Ferranti.

Plessey's idea was to use the Thomson deal as the first step in bringing together other UK defence companies, such as Racal, Thorn EMI and Ferranti, into a larger grouping. But Plessey's timing turned out to be all wrong.

"What scuppered us was a combination of factors," says the unidentified executive. "The political climate was not right, with a government that would not intervene to support anything that looks like an industrial strategy; and everything was running in favour of free marketeering, stock-market-dominated solutions to industrial restructuring. Even the Ferranti debacle came at the wrong moment: if it had broken earlier, we might have been able to buy into the company and scotch the GEC-Siemens bid for us."

Other senior Plessey managers feel a similar sense of lost opportunities. Mr Doug Dunn, head of the company's semiconductor division, says it is impossible not to identify closely with the fate of a company in which he invested nine years of his working life.

Mr Dunn, whose record in building up semiconductor activities must make him a strong candidate to continue under the new management, will not comment in detail on the change. However, it is clear that, for him, as for many of his colleagues, the main issue at present is uncertainty.

The first six weeks of the takeover has been spent by the victorious partners in stocktaking. Plessey's London headquarters in Millbank Tower has been closed with the loss of about 10 secretarial and administrative jobs. Little else has changed so far.

The main issue that will probably be settled in the next few weeks is the fate of the group's central staff – about 230 on two sites at Ilford in Essex and Addlestone, Surrey. The spotlight will then be on the individual divisions.

Under the takeover, half Plessey's military communications and radar activities will go to Siemens. Managers there have responded enthusiastically to their new owner, largely because of Siemens' hands-off approach.

There is less enthusiasm in Plessey's naval and avionics businesses, which are to be taken over by GEC. Activities overlap in some areas, raising the possibility of redundancies.

The biggest uncertainties lie in the operations that will come under joint GEC and Siemens ownership – GPT, the telecommunications group (which will be 60 per cent owned by GEC), the semiconductor divison and the R&D activities.

GPT's biggest fear is that it will be swallowed by Siemens, an altogether bigger telecommunications business. To counteract Siemens' muscle power, the UK company had conducted over the last year one of the most ambitious corporate identity programmes ever seen in the UK, aimed at imbuing its entire 20,000 staff with common goals.

It has put down roots overseas, and in the UK it has started to push hard into fast developing areas such as mobile communications and video conferencing, but doubts remain about its ability to gain equal status to Siemens's telecommunications business.

Semiconductors and R&D sit even more uneasily between their new owners. In principle, GEC and Siemens have only limited flexibility in their approach to running these businesses, since they have given undisclosed undertakings to the British Government to protect British military secrets and knowhow. But some Plessey managers believe that, over time, they can expect more support for their activities from Siemens than from GEC – and they believe that the Ministry of Defence may be persuaded to alter the ownership arrangements.

These kinds of changes are not likely to take place over the next few months. All that is evident at the moment, according to Plessey's managers, is that GEC and Siemens are very different companies.

In Brief

Labour 'will consider monetary EC union'

The opposition Labour Party was ready, unlike the Conservative Government, to contemplate the possibility that Britain might join its EC partners in economic and monetary union (Emu), its chief economic spokesman, Mr John Smith, told a Brussels press conference late on Wednesday.

Mr Smith had earlier signalled the party's "eagerness" to join fully the EMS.

He said that should a conference of the 12 governments be called to negotiate an Emu arrangement, Labour would want to extend the talks beyond monetary matters.

Takeover cleared

The Monopolies and Mergers Commission cleared Rhône-Poulenc's purchase of the UK bulk painkiller business of Monsanto, US chemicals group, to give the French group 80 per cent of Britain's £5m-a-year market in materials used to make aspirin.

Space research

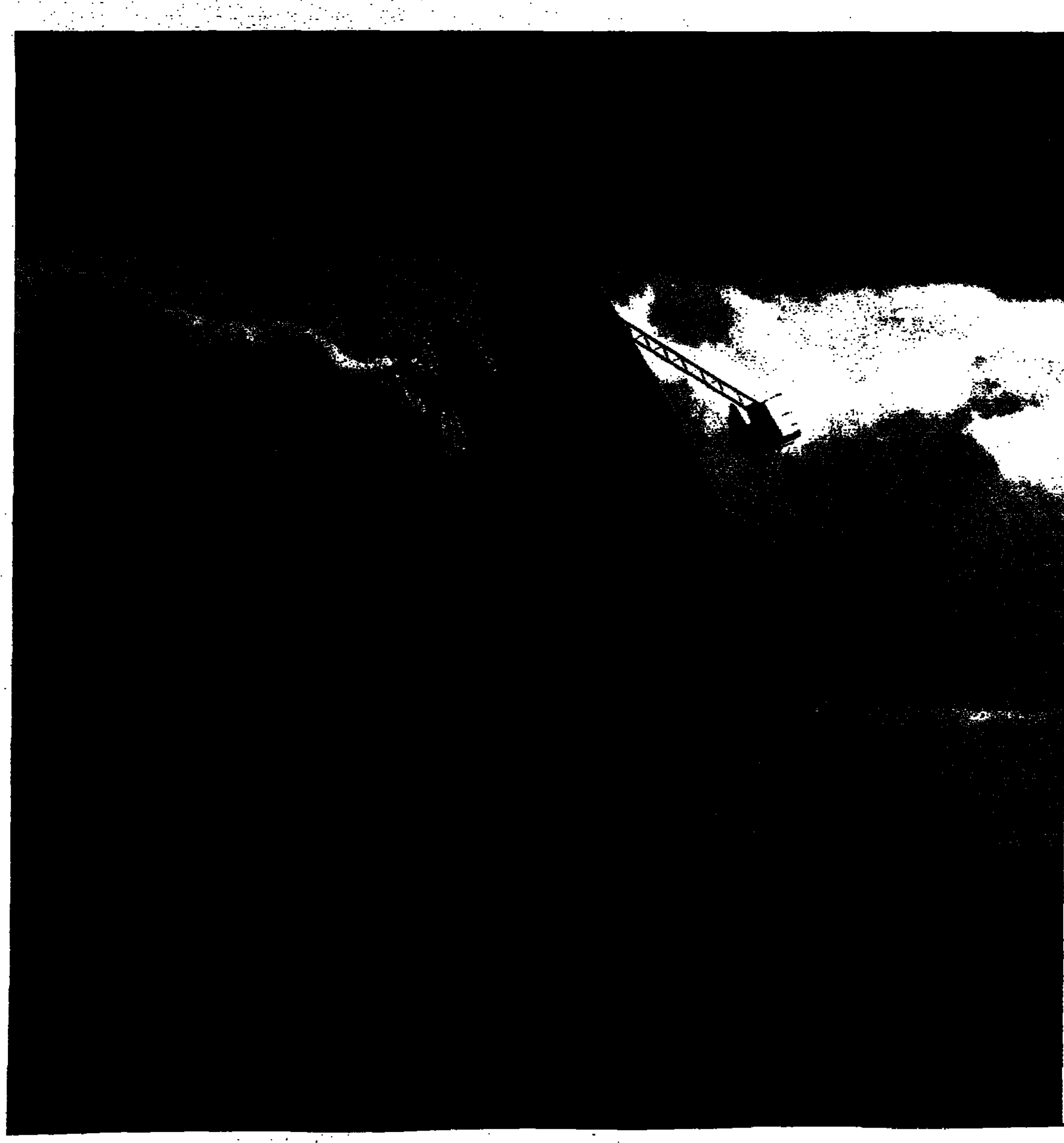
The Science and Engineering Research Council will not participate in any important programmes for scientific experimentation in space, including the European Space agency Programme for microgravity, said its chairman, Professor Bill Mitchell.

Museum deficit

The director of the British Museum, Sir David Wilson, said he was cancelling a building project because of a £1m budget deficit this year and warned that the museum could move £2.5m into debt next year without more government money.

Sunday post

The Post Office said it will go ahead with the phased reintroduction of Sunday collections despite opposition of the Union of Communication Workers. Collections would probably start before Christmas in Edinburgh, Darlington, Newcastle, Cardiff and Northern Ireland.



Czechoslovakian industry

Grappling with a new autonomy

Nick Garnett reports on attitudes among managers in one of the best organised manufacturing economies in Eastern Europe as they respond to the new mood in the region

"I'll tell you why our motorcycle industry has declined since the 1960s. The Soviet Union took 90 per cent of our production, that's why. It backfired on us."

Andrej Barcak, general manager at Motokov, the export agency for the Czechoslovakian motor vehicle industry eases back into his chair and straightens the lapel of his smart navy blue blazer.

"Because the Soviets have such a lot of problems with distribution and supply and coping with component changes in all kinds of machinery, they accept innovation reluctantly. The result is that the technology of our bikes did not develop. Their designs now have no place in western markets."

What happened to the CZ and Jawa, the two brands that make up the Czech motorcycle industry, is an object lesson in the damage that can be done to a manufacturer which sells into a restricted and low technology market.

Dependency on such markets is not confined to east European manufacturers; many a North American and UK company has suffered in the same way. But in a country like Czechoslovakia it is one of the many roadblocks centralised socialist state planning tends to throw up against the development of modern manufacturing.

Czechoslovakia is run by one of the most rigid, conservative regimes in eastern Europe but has the best organised manufacturing economy after East Germany. Some of its plants are more mechanised and cleaner than comparable ones in the UK. There is enormous emphasis on apprentices, company schools and graduate recruitment. "You can deal with Czechoslovakia. It has a long manufacturing history and though it is short of foreign currency its engineers and many managers are very good," says one salesman for a German construction machinery maker. "As for Poland, oh my God. And the Soviet Union is in such a mess it's almost indescribable. It's a basket-case."

Yet the Prague Government has recently introduced some limited reforms to try and move manufacturing economies along a bit more. This is a recognition that the country has a stiff, unresponsive and in many ways backward manufacturing economy, where the overwhelming characteristics are over-reliance on heavy industry and long batch runs of consumer goods with patchy or substandard style and quality.

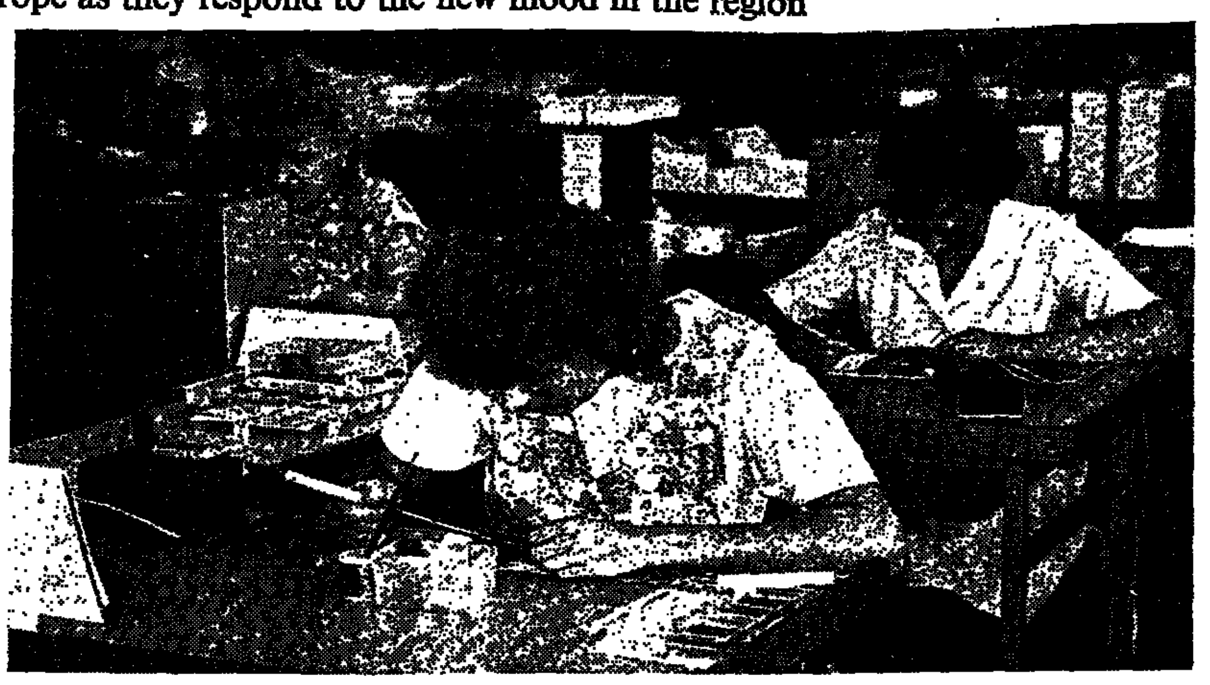
Czech managers are now beginning to grapple with some of these changes. Bloated and largely useless state industry bureaucracies occupying a layer between government ministries and the operating companies are being disbanded. Manufacturing companies will, from now on, retain a bigger share of their profits. They will keep almost all the foreign exchange earnings they make.

In theory anyway, these companies – which will all remain in state ownership – should have more autonomy to make decisions on what they sell and where. More joint ventures with western companies (120 of these so far) are being sought. Companies that cannot make money will be folded or merged into others.

Some factory managers remain little affected by the new mood in eastern Europe. "Communism is Our Aim" says the banner across the front of the Kovolit aluminium foundry in Brno. Ask technical manager Jindrich Sustr what is the biggest drag on efficiency and he suggests the somewhat dubious explanation of language problems and work ethics among the plant's 50 or so Cuban and Vietnamese workers (a common sight in Czech factories).

At the big and successful Kos machine tool company in Kurim, general manager Ladislav Klenovits looks for all the world like the owner of an Italian machine tool maker, sun-tanned, well-manicured and with an immaculate light blue suit. "Well, gentlemen," he greets visitors. "Time is money as we say in the west." But behind the desk in his wood-panelled office are the collected works of Lenin, a bust of the founder of the Soviet state, and one of Karl Marx.

But many managers seem keen to make changes, to raise efficiency and try and break from some of the structural difficulties rooted in a centralised socialist state.



Wiring assembly for electric meters at Metra, a large electrical group employing 4,500 in Blansko

Zetor, the big tractor maker in Brno, is a classic example of the vertical integration prevalent in Czechoslovakian companies. It not only makes its own hydraulics, gearboxes and engines, it also manufactures the ball-bearings that go into its tractors. And this for just 30,000 tractors a year.

Metra is a large electrical group employing 4,500 in Blansko with a product range including electrical meters, computers and laser equipment. But it has a big machine room with large and advanced West German pressing machines actually punching out plastic and bakelite parts.

The economics of size hardly make sense here. However, many senior managers argue that they need this integration because of another problem: they do not trust the quality of components from dedicated component makers.

"There are plastics companies in Czechoslovakia but the quality of what they produce varies too much," says Ladislav Necas, the company's deputy technical manager.

The quality of components is undoubtedly a big drag on Czechoslovakian efficiency. Part of the difficulty lies in the country's culture of trying to make everything. Spreading the net too widely is a moan of many managers.

"Czechoslovakia makes too many things, across too many ranges and the quality is often not good," says Vratislav Vajda, a manager at Tatra, the truck maker. "We will just have to make less."

"We try and produce something like 92 per cent of all goods. That's far too much," says Barcak at Motokov. "It's just unacceptable."

Some of these problems are in supply plants within companies producing end products, like Tesla, which makes most of the electronic equipment in hotels, offices and homes all over the country.

Tesla is a classic example of a company trying to do everything. "Tesla factories complain all the time about shortage of components or that the quality is not 100 per cent," says Gabriel Turay, director of Omnia, the foreign trade corporation in Bratislava which sells Tesla's products.

In its consumer electronics division, it makes 300,000 to 400,000 colour and black and white TVs, together with radios, record players, compact discs, compact disc players and, in a joint venture with Philips, video recorders.

Much of this is small volume output, some just for the domestic market. "There is really no prospect of us producing radios," says Turay. "We already import a lot of these from Russia, Poland and the GDR. Ours is just symbolic production."

The company has been producing a small number of cassette recorders. "It's nonsense. Why start producing those with all these big producers in the world? I think we'll be quite big in TVs and compact discs but not in disc players."

One of the peculiarities about Czechoslovakia is that in a centralised socialist economy, its manufacturing demonstrates a lot of potentially harmful fragmentation.

For example, there are thought to be about 60 computer makers. Some of these have grown from co-operatives; some supply equipment and software just for running farms. This has drained the country's effort in high tech equipment. Even ZPA, one of the biggest Czech computer makers, has its detractors. Cadcam engineers at FORM, a maker of forming machines, complain that ZPA equipment is not quite as reliable as western produced machines.

This problem of scale is exercising the minds of some managers in the vehicle industry. Barcak says Skoda cannot really survive as a car maker unless it raises its yearly output of 183,000 cars to at least 350,000. He also says that Tatra which makes 15,000 trucks a year should be merged with Liaz which produces 18,000 trucks. An interesting aside on the issue of scale is that Tatra makes just 500 units a year of its 613, the slab-like 3.5 litre rear-engined V8 saloon used by apparatchiks, senior managers and taxi companies.

A different problem of scale has arisen from the way groupings of companies have been set up. The Up furniture factory in Rousinov is one of six factories making volume production furniture.

Like so many plants in Czechoslovakia it has rather impressive, front-end production, using modern German machines from Nottmeyer, Eisenmann and Homag for automatic wood cutting, shaping and sizing and inserting of wood studs for assembly.

The trouble is that some of the other factories in the group also have this costly sophisticated equipment. Instead of centralising this front-end operation, they duplicate it. "It would be better to have one centralised cutting and preparation plant for the whole group," says Andrej Bozek, director of the Up factory. "It would be more effective. We waste wood here."

One thing that some Czech managers are now interested in is worker motivation. The Up plant exports some of its upholstered furniture to Ikea of Sweden and has therefore shown that it can produce good quality products. "But what I want to know is, how do western companies motivate their staff?" says Bozek. "When I go round the sewing machine area I can see that some of the women workers are missing, but where are they?"

A description of the way a mixture of reward and fear sometimes works in European companies brings smiles to the face of managers but some are trying to change their pay systems. Paul Svehlik, a manager at Zetor, says the company is trying to introduce more grading among its employees as well as heaping more responsibility on to supervisors.

But the problem is that a huge proportion of the working population earns very close to the national average industrial wage of about Krs3,300 per month, there is little difference based on skill, and pay tends to rise solely by length of service. This average salary compares with the cost of a new Skoda Favorit at Krs90,000, a colour TV at 16,000 and a leather sofa at 32,000.

At FORM, Michal Klimes, the 29 year-old head of the company's computer-aided design system, says it is difficult to know what to pay for the best software and systems engineers. His salary is Krs3,500, much less than some older manual workers.

Recent rule changes for companies are full of contradictions. At a time when companies are trying to reduce their managerial superstructures, they are having to take some of the staff offloaded by the middle level bureaucracies that are being disbanded. Some of the 22,000 people who were employed as "civil servants" for the furniture industry are being offloaded to furniture factories like the Up plant.

Elections for the post of plant director have been introduced at all factories, the incumbent challenged by a candidate apparently picked by the Communist Party. Such elections, which appear to be some kind of sop for not introducing political reform, are condemned by managers.

Czech managers disagree about how fast the door might close on even these limited reforms if change elsewhere in eastern Europe comes to a halt. They even disagree on how fundamental the changes will prove.

"Companies are now on their own," says Barcak. "If the government wants to rationalise products and tell an individual company to stop making something it will no longer be able to do so."

But at Tesla, Turay smiles at this suggestion. "If there is a conflict of view it will just not be possible for a company to tell the minister: no, we are not going to do what you want."

Management abstracts

Winning in Japan: keys to global success. *E. Artzt in Business Quarterly (Canada), Winter 89 (5 pages).*

The president of Procter & Gamble International discusses, with illustrative examples, the basic principles of success in the Japanese market; knowing your customers' habits, attitudes, biases and dissatisfactions and tailoring your products to the market; being sensitive to cultural differences; penetrating the multi-tiered distribution system, with its large number of retail outlets and wholesalers, and selling your company as well as your brands.

The virus cure. *J. McAfee in Datamation (US), Feb 15 89 (12 pages).*

Traces the history of computer viruses from their first fictional appearance in a 1977 science fiction book. Describes what they are (providing details of the six most common), how they spread, and what their limitations are; identifies three types of anti-viral programs – infection prevention, infection detection, and infection identification – detailing the pros and cons of each. Provides ten guidelines for safe user practice.

Designing a career break system. *S. Field + L. Paddison in Industrial and Commercial Training (UK), Jan/Feb 89 (4 pages).*

Sets out the motivation for the mechanics of, and the success of Barclays Bank's career break scheme for young mothers (or fathers, or even foster-parents). Dismisses the notion that such schemes are expensive and contrasts their "minimal" cost with the price of letting them go.

The experts in your midst. *M. J. Prietula and H.A. Simon in Harvard Business REview (US), Jan/Feb 89 (5 pages).*

Explores the dimensions of expertise – why experts are experts, how they get to be experts, and what their reasoning processes are (a mixture of analysis and intuition); contends that an understanding of the phenomenon is crucial to management's ability to spot experts and encourage their maximum contribution to the business (by structuring the reward system so that expertise can be recognised).

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD9 5BY

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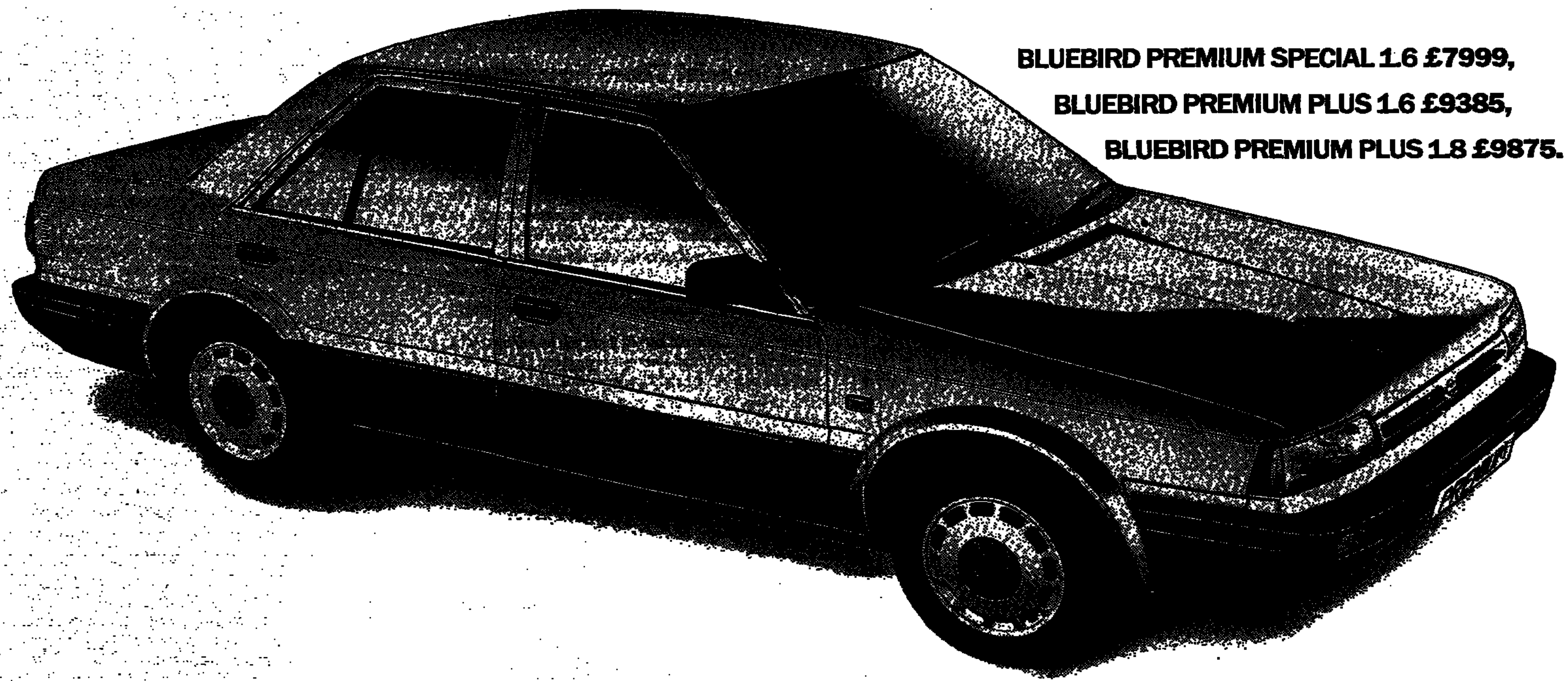

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ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
20	21	22	23	24	25	26

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zaks's desperately bright production comes from the Lincoln Center in New York and is undemanding summertime fare (734 8951, cc 836 3428).

The Master Builder (Barbican). Magnificent RSC revival of Ibsen's late poetic drama of lies, deceptions and misrouted sensuality. John Wood is the first great *Solness since Redgrave*, then Olivier, played it in London. Adrian Noble directs, Richard Hudson's tilting roofs chart the *aspirations and* final dramatic plunge. (638 8891) Oct 25, 26, Nov 1, 2.

A Flea in Her Ear (Old Vic). Feydeau's farce in the John Mortimer translation spiritedly done as German Expressionist nightmare by Richard Jones and the Quay Brothers, the directing and design team on WNO's *Love of Three Oranges*. Jim Broadbent leads good cast as the discomfited insurance manager and his doppelganger, a drunken hotel porter. An interesting, enjoyable, unfairly derided experiment (928 7616, cc 240 7200).

The Tempest (Barbican). John Wood's other great performance this season with the RSC is his Prospero in Nicholas Hytner's production, a towering, intemperate impresario whose magic is an instrument of both revenge and resolution. (638 8891) Oct 20-24, Oct 30, 31.

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional *flavour of the period* (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's *big time opera ambitions* makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by *Philip Bosco and Victor Garber* (239 6200).

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with *numerous* slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine *Baranski leads an ebullient* cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, *Trevor Nunn's production* of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Washington

A Few Good Men (Eisenhower). One of the few new, contemporary dramas headed for Broadway gets its world permiere in Washington, in this story of a military cover-up. Ends Oct 29. (467 4600)

Chicago

The Misanthrope (Goodman). The first production of the season *exchanges Molière's France* for contemporary Hollywood in a new adaptation by Neil Bartlett, directed by Robert Falls with David Darlow playing Alceste. Ends Nov 4 (443 3800).

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd *play the leads in this view of* southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. Performances at Kabuki-za (541 3131) are at 11am and *4.30pm. The star of the evening* show is the prodigious Ennosuke Ichikawa, fresh from a successful season in New York, in a triple-bill designed to display his multifarious talent. (ends Oct 26). At the National Theatre (265 7411) performances on most days are at 1pm, and among the performers is Living National treasure Utaemon Nakamura, one of the great exponents of the art of the Onnagata (ends Oct 28). Both theatres have useful English programmes and earphone commentary.

MUSIC

London

Royal Philharmonic Orchestra conducted by Vladimir Askhenazy, with Mstislav Rostropovich (cello). Richard Strauss. Royal Festival Hall (Fri) (928 8800).

The Philharmonia conducted by Esa-Pekka Salonen, with Sarah Leonard (soprano). Stravinsky, Ligeti. Royal Festival Hall (Mon) (928 8800).

Royal Philharmonic Orchestra conducted by Vladimir Askhenazy, with Elisabeth Söderström (soprano). Richard Strauss, Mahler. Royal Festival Hall (Tues) (928 8800).

Orchestra of the *Age of Enlightenment* conducted by Gustav Kuhn, with soloists. Haydn. Queen Elizabeth Hall (Wed) (928 8800).

Paris

Elena Obraztsova Recital. Gaveau *(49530507) (Mon).*

Orchestre Colonne conducted by Philippe Entremont (piano). Berlioz, Mozart, Tchaikovsky. Salle Pleyel (45638873) (Mon).

Ensemble Intercontemporain conducted by Peter Eotvos: Gielen, Hoeller, Ligeti. Opéra Comique (42960611) (Mon).

Brussels

New Arts String Quartet performs Beethoven, Ichiyanagi, de Pablo and Ravel. Palais des Beaux-Arts (Tues).

The Monnaie Symphony Orchestra and Chorus conducted by Sylvain Cambreling, with Harald Stamm (bass), Jean-Claude Vanden Eynde (piano) performing Mozart (Wed, Thur).

Theatre Royal de la Monnaie. Le Trio Français performs works by Fauré, Jolinet, Lalo and Mozart. Cercle Royal Gaulois (Wed).

Amsterdam

Pittsburgh Symphony Orchestra conducted by Lorin Maazel. Mahler. Concertgebouw (Fri) (718 345).

Netherlands Philharmonic Chamber Orchestra with Olli Mustonen (piano), Tibor Varga conducting. Mozart, Hartmann (Sun matinee). Concertgebouw (718 345).

Amsterdam Baroque Orchestra with the choir of the Netherlands Bach Society and soloists, Ton Koopman conducting. Mozart (Tue). Concertgebouw (718 345).

Utrecht

Amsterdam Baroque Orchestra with the choir of the Netherlands Bach Society and soloists, Ton Koopman conducting. Mozart (Sun matinee, Mon). Vredenburg (31 45 44).

Netherlands Philharmonic Orchestra conducted by Harmut Haenchen, with Olga Martinova (violin) and Jan Stegenga (cello). Brahms (Tue, Wed). Vredenburg (31 45 44).

Rotterdam

Academy of St Martin-in-the-Fields Octet with Emmy Verhey (violin). Svendsen, Schubert, Mendelssohn (Fri). Doelen (413 2490).

Milan

Quartetto Borodin. Beethoven, Webern and Shostakovich (Wed). Conservatorio G. Verdi (76001755).

Florence

Soviet Radio Orchestra conducted by Vladimir Fedoseev playing Tchaikovsky, with Vladimir Ovcinnikov (piano), winner of the 1982 Tchaikovsky prize (Tues). Teatro Verdi (212320).

Rome

The Solisti Veneti conducted by Claudio Scimone. Vivaldi, with flautist James Galway *(Wed) Teatro Olimpico (393304).*

Vienna

Wiener Mozart Orchester in historical costume. Conducted by Konrad Leitner. Mozart. Konzerthaus (Fri, Wed).

Alban Berg Quartett. Mozart, Schnittke, Dvorak. Konzerthaus. (Sat, Sun).

Wiener Symphoniker conducted by Georges Petze. Richard Strauss, Schubert. Musikverein (Sun).

Madrid

Munich Philharmonic Orchestra conducted by Sergiu Celibidache, Bruckner (Tue). Verdi, Strauss, Brahms (Wed).

Barcelona

London Symphony Orchestra conducted by Kent Nagano, with Mstislav Rostropovich (cello). *Milhaud, Honegger, Dvorak;* celebrating Catalonia's 1,000th anniversary, sponsored by Banco Bilbao Vizcaya. (Thur) Gran *Teatre del Liceu (318 91 22).*

New York

Orchestre Symphonique de Montreal conducted by Charles Dutoit. Schubert, Hindemith, Prokofiev (Mon); with Midori (violin). Wagner, Bartok, Stravinsky (Wed) (247 7800) Carnegie Hall.

Chicago

Chicago Symphony Orchestra *conducted* by Gunter Wand. Bruckner programme (Thur). Orchestra Hall (435 6666).

Tokyo

Academy of Ancient Music conducted by Christopher Hogwood, with Melvin Tan (fortepiano). Mozart, Beethoven, Schubert. Suntory Hall (Mon) (505 1010).

EXHIBITIONS

London

The Hayward Gallery. Andy Warhol – two years after his death, a comprehensive retrospective of the career of this seminal yet ambiguous and still controversial artist, since he turned to painting from graphic design in the early 1960s. Sponsored by BP. Until November 5.

The Royal Academy. The Art of Photography 1839-1989: in celebration of the 150th anniversary of the first practical demonstrations of the medium, this large and impressive exhibition leads the visitor through the practical developments and aesthetic variations and experiments in the use of the medium, from the work of the earliest pioneers in France, England and Scotland, up to the present. Daily until December 23.

Paris

Musée des Arts Decoratifs. Je suis le Cahier - Picasso's sketchbooks. After two years of meandering the world over, the exhibition ends, aptly, in Paris. The 40 sketchbooks covering a period of 64 years follow closely Picasso's development. Rue de Rivoli (42603214), closed Tue. Ends December 31.

Grand Palais. Archaeology in France. The exhibition presents 30 years of discoveries with some 3,000 objects, beginning with the inevitable skulls and flint tools and ending with finds from the Louvre foundations. Closed Tue. Late-closing Wed. Ends Dec 31 (42895410).

The Louvre. Arabesques et Jardins de Paradis. The beauty andrichness of nature is a leitmotiv which runs through Islamicart from Spain to India, from the 8th to the 18th century.234 exhibits, miniatures and manuscripts, textiles and ceramicsshow the unifying force of this inspiration which ranges fromthe decorative to the symbolic. Yet the traditional styleof each of the Islamic countries adds a specific colour tonature's interpretation. Closed tue, ends Jan 15 (40205317).

Photography. To mark the 150 years since the birth of photography the Centre Pompidou speaks of the invention of an Art, the Musée d'Orsay stresses its modernity (Quai Anatole France), Archives Nationales recount the genesis of this invention (60, *rue des Francs-Bourgeois*), while Musée Carnavalet shows Paris daguerreotypes (31, rue des Francs-Bourgeois), while the Centre National de la Photographie uses chronology to teach its history (Palais de Tokyo, 16 ave Président Wilson).

The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in revolutionary 1793. Closed Tue.

Musée Rodin. A delightful 18th century townhouse – Hotel Biron – contains the life work of Auguste Rodin, whose powerful genius opened the way for modern sculpture. 77, rue de Varenne. Closed Tue.

Musée d'Orsay. The spectacular museum of the 19th century is situated opposite the Tuileries gardens within the metallic structure and the glass-roofed vault of the vast *Belle Epoque* railway station. 1. rue de Bellechasse (45494814). Closed Mon.

Martigny

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-223978).

Brussels

Europalia Japan 89. Having celebrated the art and culture of Austria two years ago the Europalia turns to the east this year, bringing to Belgium the most spectacular festival of Japanese arts *outside Japan*. Ends on December 17.

Sotheby's. Japanese Works of Arts and Prints. 32 rue Jordaens. Daily, *ends* October 27.

Bibliothèque Royale Albert 1er, 2 Boulevard de l'Empereur. 50 years of Architecture (1939-89). Daily ends November 10.

Madrid

Fundacion Juan March. Retrospective of Edward Hopper opens theautumn season at the foundation. 61 works by the New York realist covering a period of 58 years. Until Jan 4.

Palacio de Velazquez. 22 paintings and 29 drawings and engravings by Sean Scully, one of the most important figures in the new generation of abstract artists. Ends Nov 19. Closed Mon.

Barcelona

Fundacion Caja de Pensiones. International art. Exhibition of contemporary art from the museum's holdings acquired since1985, including works by Borg, Hulme, Mucha, Descon, Kiefer, Polke, Cucchi and Merz. Closed Mon.

Museo de Arte Moderno. Showing of modernist posters belonging to the museum's collection. An important selection consisting of 70 posters by renowned turn of the century artists: Mucha,Steinlen, Toulouse-Lautrec, Cheret, etc. Ends Nov 26.

Bonn

Beethovenhalle Bonn. 50 portraits of Beethoven by the American pop artist Andy Warhol. In addition to the Bonn Beethoven-fest, an Andy Warhol exhibition is taking place until October 1.

Berlin

Broecke Museum, Bussardsteig 9. A Franz Marc retrospective with 180 drawings and aquarelles (1880-1916) most of the German expressionist painter's works, can be seen for the first time until Oct. 29.

Munich

Städtische Galerie im Lenbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date with almost 370 works from 70 privateand public collections.

Bonn

Städtisches Kunstmuseum, Rathausgasse 7. Gianchietta: 40 years of government support for art. This exhibition shows for the first time selected works of art from 11 centuries and attempts to present an impression of all aspects of culture during this period, with the help of government, foundations and private sponsorship. Ends Nov 22.

Vienna

Secession. The highlight of the next few weeks will be the 100th anniversary of the birth of Ludwig Wittgenstein, the philosopher, architect and craftsman who until recently had not been appreciated by his fellow countrymen. Ends October 29 and not to be missed.

The Technisches Museum. Although not the most elegant of Viennese museums, has put together an exhibition exploring the relationship between art and industry and how industry has tapped the imagination of the artist. It is particularly interesting having Austria's post-war generation represented under one roof. Ends October 26 1989.

Rome

Palazzo dei Conservatori, Campidoglio. Giuseppe Ceracchi (1751-1801), Jacobin sculptor. The exhibition includes a touching eye-witness sketch of Ceracchi and co-conspirators in a plotto assassinate Napoleon standing at the foot of the steps to the guillotine. Until Nov 12.

Venice

Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by Germano Celant, with the director of Palazzo Grassi, Pontus Hulten. Ends Nov.

San Giorgio Maggiore: Hogarth – a beautifully chosen study of the life's work, prints, drawings and paintings, of the first great English artist of the 18th century, William Hogarth, organised jointly by the Cini Foundation in Venice and the British Council. Until November 12.

Mantua

Palazzo Te, Truttiere di Palazzo Te, Reggia Gonzaghesca. A vast exhibition devoted to Giulio Romano, Raphael's favourite pupil, who spent the last 20 years of *his life in Mantua*, producing masterpieces of architecture, painting, engraving and fresco. The Frescoes of Palazzo Te have been restored. Ends November 12.

Florence

Forte di Belvedere: African Art: The Roots of Modern Art: One hundred and fifty sculptures, mainly in wood, produced by 65 different tribes spread through central, western and southern Africa. Ends Oct 29.

New York

Whitney Museum. A special exhibit from the museum's extensive holdings of Edward Hopper highlight the realistic painter's Paris and domestic scenes among the 150 pieces in all media. Ends Nov 5.

Metropolitan Museum. A decade of fabulous shows borrowed from around the world culminates in the present exhibit of the major works of Velazquez, much of which is borrowed from the Prado in Madrid. Ends Jan 7.

Washington

National Gallery. A major international collaboration showing the major works of Frans Hals outside the Netherlands for the first time starts here with more than 60 paintings.

Chicago

Art Institute. Fixing the Shadow shadows the history of photography at its 150th anniversary. Of the millions of possible contributions, the exhibit focuses on 400 pieces by 200 photographers organised chronologically. Ends November 16.

Tokyo

National Museum. Art of the Muromachi Period (1334-1537). Major exhibition featuring some 400 works from the period when the shoguns had consolidated their power, bringing a period of relative peace and prosperity with a resultant flowering of the arts, much of it influenced by Zen Buddhism, such as ink painting, garden design and the tea ceremony. Closed Mondays.

National Museum of Modern Art. A Perspective on Contemporary Art: Colour and/or Monochrome. Paintings, prints and sculpture by 21 younger artists from Japan and elsewhere, but humorous caricatures by 18 artists of the early 20th century, selected to illustrate the use or absence of colour. Closed Mondays.

Ota Memorial Museum. Kiyochika Kobayashi. Ukiyoe prints and paintings by a prominent artist of the Meiji era, when western art first made an impact in Japan. A notable innovation is the use of light and shadow within the confines of the traditional woodblock print. Ends October 27.

Riccar Museum. 53 Stations along the Tokaido. Not the famous woodblock series by Hiroshige. Closed Mondays. Ends October 29.

Continued on page 15

Alastair Muir

Peter O'Toole

Jeffrey Bernard Is Unwell

APOLLO THEATRE

The legend of the title occasionally appears in The Spectator. The legend himself, who became one in his own lunchtime, is now impersonated on stage by Peter O'Toole. His monodrama with inserts is compiled by Keith Waterhouse, directed by Ned Sherrin and designed by John Gunter.

Impersonation is not the right word. O'Toole here delivers the performance we thought we had lost to his dissolution and physical decay. The irony is that, now on the wagon, he achieves apotheosis as his alcoholic look-alike and old friend. For Bernard is not so much the lord of misrule as the knave of chaotic disarray.

His column is a trenchant kaleidoscopic ramble around the Coach and Horses pub in Soho. Devoid of vanity, blank of ambition, free of commitment, he is the licensed safety valve of all our dark intents. He once said that he had had many wives, four of them his own.

This aroma of Soho debauchery, with ghosts revisiting the Boar's Head Tavern populated by Falstaff and his cronies, is magnificently conjured at the Apollo. After an extraordinary poetic prologue, which proves to be a linking, very fine appreciative poem by Elizabeth Smart (who got Bernard his first journalism job on Queen magazine), O'Toole rises, dazed and swearing, from the floor of the Coach and Horses. The trendily tilted pub interior is, for once, a symptom not of the new Expressionism, but of the hero's state of mind.

He has been locked in. It is five in the morning. His past crowds in, niftily played by a quick change foursome of Timothy Ackroyd, Sarah Berger, Annabel Leventon and Royce Mills. Foul-mouthed Norman, the manager, cannot be roused, so Bernard takes solace in the vodka bottle. And us. The great trick is that Bernard's stories, exhilarating and surreal, have been woven into a coherent dramatic shape. Partly this is due to Waterhouse's skill; but chiefly, I feel, to O'Toole's relishing, bravura display of breathing control, comic timing and soul-baring pathos.

With this performance, he comes home and takes command. The paragraphs are often long. Note how he heaves his frame into shape and takes off, expiring in a cloud of smoke and an explosive shrug. And an expletive. For this is a script that will also give bad language a good name. The text is a spiralling literary delight, vivid and dark, hilariously funny and mordantly malign.

You also learn of Bernard's interesting genesis: his architect father designed the Lyons Corner Houses (his son washed up in them); his mother was an opera singer (her son a stagehand at Covent Garden). At Pangbourne naval college he became addicted to gambling; in the Coach he is "done" by the inspectors for non-payment of betting taxes on a book he has opened. Bernard's Soho is also the disappeared playground of Frank Norman and Dylan Thomas, of Francis Bacon and Lucian Freud.

Even if this were not the dead of night, you feel the hero would be utterly alone. It is this quality of defiant, uncompromising alone-ness that O'Toole so magnificently transmits. His vitality lies in immunity to others' feelings. The man in question is very probably a shit of the first order. But Waterhouse and O'Toole present one of the greatest comic creations of our day.

Michael Coveney

Lulu

SAN FRANCISCO OPERA

San Francisco Opera's new production of Berg's *Lulu*, the company première of the complete opera and Lofti Mansouri's first new production since becoming the company's general director last season, is a whole *Lulu* in more than the literal sense. A carefully thought-out, artistically integral production of enormous visceral impact, it takes Berg's penetrating, endlessly challenging, and ultimately inexhaustible masterpiece on its own exacting terms, yielding a total aesthetic experience as rewarding as it is disturbing.

Mansouri and his estimable colleagues, including a young soprano who augurs to become the leading Lulu of here day, are faithful to the spirit (if not every letter) of Berg's score. A mere decade after the première of the completed work, that commitment alone secures the importance of this bold, imaginative new production.

Not only does Mansouri not impose a perverse directorial overlay on the work, he brings a notable clarity and conviction to the drama Berg so meticulously planned. In a significant leap beyond his conventional, vividly naturalistic directorial style, Mansouri gives strong evidence of both an instinctual and a deliberate grasp of the work's expressionist style. Individual events read clearly. Characterisation is precise. Even the tumultuous Paris scene has the lucidity of finely calibrated chamber opera.

Some particulars are disturbing; a few, in the strict sense, wrong. Lulu licks the Painter's blood from Dr Schön's hand instead of wiping it off with her handkerchief dipped in perfume. A departure from the Libretto, it proves an arresting gesture well supported by the *feline sounds emanating from* the pit. More controversially, Alwa mounts Lulu at the end of Act II with pelvic thrusts timed to the four crushing final chords. The explicit correlation of sex and death might be more effective if the staged event was not by now a stage cliché at least as old as the Chereau *Walküre*.

The role doublings Berg specifies are retained only for the husband-clients, and something is lost in assigning the Prince and the Marquis to different tenors. Most damaging to Berg's decision, Lulu dies onstage – far downstage, in fact, bleeding and pathetic. An undeniable *coup de théâtre*, it mars Berg's intimation of Lulu's unseen return to her mysterious origins.

Yet the compensations outweigh Mansouri's few departures from the score. Throughout, he traces the complex network of interrelationships with pointillist precision. The Lulu-Schön relationship in particular, is so precisely limned that the subtle symmetries of the plot seem, for once, almost obvious.

There is a mild update, from the turn of the century in Wedekind to the period of *Lulu's* composition. The commanding beauty of Günther Schneider-Siemssen's strikingly original sets and Hollywood designer Bob Mackie's sumptuous costumes easily justifies it. Among the few designers to have ventured the second-act film Berg describes, Schneider-Siemssen's multi-media silent has an absorbingly period feel. A masterpiece of suggestive concentration, it proves as enthralling as Berg predicted.

The circus motif established in the Prologue is sustained throughout the opera by visually unobtrusive but subliminally omnipresent zoo bars. The decors are an apt blend of naturalistic and the phantasmagoric, each of the sets suggested by free-standing walls, skylights and doorways (often ominously tilted).

As Lulu, the 26-year-old, company trained Ann Panagulias makes a *spectacular international debut*. A woman of uncommon physical beauty and vocal allure – and unqualified vocal prowess – she performs the harrowing part without a hint of strain. Her astonishing naturalness is the key to her affecting portrayal.

The radiance of her singing voice, the pointed expression in her coloratura, and the impassioned authority of her speaking voice conspire to create a supple yet kaleidoscopically inflected Lulu. Childlike and womanly, dispassionate and fiery, naive and scheming by turns, her investment in the part is complete to the smallest detail. Her "Meines Mannes" speech, "O Freiheit" and the aching pathos in "Komm gib mir einen Kuss" are ecstatic peaks in a haunting traversal of the role.

At the opposite pole of age and experience, Hans Hotter 80 years old yet firm of utterance, performs an earthly, wordly-wise Schigolch of characteristically deep sympathy and towering authority. At his every appearance, one is swept from the opera stage and into the theatre of world myth. The tender and the primal mingle magically in his interplay with Panagulias' Lulu.

Victor Braun's handsomely sung, keenly inflected Schön charts a slow descent into dementia as touching as his return as Jack is chilling. Barry McCauley, in peak vocal form, is an ardent Alwa who attains incendiary levels of passion in the second act. Evelyn Lear contributes her familiar, tortured Geschwitz. Richard Cowan is a splendid Animal Trainer/Acrobat and heads a cast of secondary characters, all of whom perform ably, some providing exquisite miniatures.

Conductor John Mauceri's probing, finely balanced, dramatically urgent reading of the score maximises its beauty with no loss of cogency. His uncanny knack for pointing up the score's external references, clarifying its internal ones, and realising its specific (if *synthetic*) *colours and shapes* – while retaining his grasp on the whole, in all its fearful symmetry – anchors as well as enlivens the production. The orchestra plays at its current peak form for him.

Timothy Pfaff

Peter Grimes

COVENT GARDEN

Revivals of this most distinguished Royal Opera production are always to be welcomed, doubly so when the cast introduces a new generation of Britten singers. Philip Langridge, Felicity Lott and Donald Macintyre all sing their parts for first time, and the opera is conducted by Roger Norrington, another debut in the work. It is clearly a week, however, for operatic disappointments, for on the first night on Wednesday these top-quality ingredients never quite combined as memorably as they should, though there seemed no single attributable cause; in the past this production has made far greater impact with far less promising material.

Top of the disappointment list, I fear, is Langridge; against all expectation his Grimes is strangely lacking in motivation. His rages appear to be conjured from thin air, and the character has no centre; this is neither the psychotic nor the visionary, neither the sadist nor the crushed aspirer. There are bits of all of them, yet none is worked through. The full range of Langridge's *formidable vocal skills* are applied to the role; few singers can have shaded it more subtly, yet the colours do not blend into a rounded portrait.

But a youngish, handsome Grimes adds at last the extra edge of conviction to his relationship with Ellen; no longer must she be seen simply as the rescuer of lost souls, the doer of good deeds, but as a woman with a straightforward physical attraction to this rough fisherman, so that his dismissal of her attentions in Act 2 is the ultimate rejection, the last dream shattered. If Ellen emerges here in fully credible flesh and blood it is also a wonderful tribute to Felicity Lott's skill – not always fully in control vocally, especially in the *lowest register, but* consistently believable, magnetic to follow around the stage, and projecting every word in a way that is unique in my experience.

Macintyre's Balstrode is uncomplicated, but spoilt somewhat on this occasion by some rough intonation; other newcomers include Anthony Michaels Moore, following the Thomas Allen tradition in the role of Ned Keene, though making him even younger, even more dapper, and even more opportunistic, and Sarah Walker, bringing a wholly individual persona to Mrs Sedley. John Dobson has switched religions from Bob Boles to the Rector, while Elizabeth Bainbridge continues as Auntie as she has in every performance since this production was first seen in 1975, though she has a new pair of Nieces in Judith Howarth and Gillian Webster.

Norrington presides over this revival with variable conviction, and a wide range of tempi, including what must be the fastest Storm Interlude on record. The chorus sounds underpowered. The production, originally Elijah Moshinsky's responsibility, has been restaged by Jeremy Sutcliffe, with lots of new business, but is finally beginning to date.

Andrew Clements

Hamlet

OLIVIER THEATRE

Ian Charleson has taken over the Prince of Denmark from Daniel Day Lewis at the Royal National. Mr Charleson's admirers must be warned that he is at first unrecognisable. A *sinus operation has left his* face temporarily swollen, his eyes deep slits above puffy cheeks. One feels utmost sympathy at the rotten luck of this extra barrier between an actor and his audience.

All other barriers are triumphantly surmounted. This is an audience-friendly Hamlet, a civilised, mature, witty and *eminently decent* prince with whom one would willingly discuss architecture. The actor's method is naturalistic; the odd line is muffled by throwaway delivery but this is generally a finely-spoken reading. The voice is light but keen, throatily snarling in rage – and the rage makes sense, ironically, in this amiable context; for Mr Charleson gives us the reasonable man surrounded by unreasonableness, the civilised human plunged into barbaric *nightmare*.

A buoyant "To be or not to be" epitomises his virtues. Every hypothesis, digression and turn of the argument is clearly thought out and conveyed. If, by the paradoxes of the actor's craft, Mr Charleson can work on a semblance of spontaneity, this will be a memorable interpretation. *Already, for humour,* anger and intelligence, it is one of the best all-round Hamlets going.

Michael Bryant's Polonius remains remarkable, more than ever on the verge of senility, with sudden lunges of bullying rage as *reminders of his* ruined authority – a domestic Lear in the making. Newcomers to the cast have yet to settle in. Sylvia Syms has not decided what to do with Gertrude, so does nothing – a surprisingly negative performance from this actress. Jeremy Northam goes through the motions adequately as Laertes with a minimum of feeling; and Paul Jesson's Horatio is so colourless as to be almost invisible.

On the plus side, David Burke is a good, unexaggerated gravedigger and Crispin Redman is a sharply characterised Rosencrantz, genuinely distressed by *his old princely* friend's derangement. But the last lines go to a Fortinbras whose elaborately tortured enunciation is unlike anything heard on this stage before, or even in the RSC.

Martin Hoyle

First connoisseur of British art

Susan Moore reports on the Tarbley collection

Sir John Leicester, 5th Bart, offered his British paintings to the nation in 1823 in the hope that they should form the nucleus of a national collection. His offer was declined. A year later, Lord Liverpool's government acquired instead 38 Old Masters amassed by the Russian emigré banker Sir John Julius Angerstein as the basis for the National Gallery. A National Collection of British Art – the Tate – was only established some 70 years later.

No doubt Lord Liverpool considered religious and allegorical painting in the grand tradition more appropriate to a public collection than the kind of native, domestic painting that one would find in a gentleman's house. However, Sir John had created a far from typical gentleman's collection.

Like most young men in his position, he made an extensive Grand Tour. Unlike them, he returned – apparently – without a picture, unaffected by the grandeur of Classical antiquity. He developed a passion for contemporary British painting that led him to patronise the leading artists of his day (the only glaring omissions are Constable and Wilkie), and to open his gallery to the public as a showcase for British art. He was the first major connoisseur and collector to reject Old Masters in favour of a native tradition.

By his death in 1827 he had amassed a purposely catholic collection of over 200 pictures, with 11 Turners at its core. Although he had been created Lord de Tabley in recognition of his support of British art, it was not enough to secure the future of his pictures. His executors sold the London gallery and 55 paintings.

What was not dispersed in the 19th century and in the 1920s remains at the family seat, Tabley House in Cheshire. In 1976, the fine Palladian house, its pictures and some 3,677 acres, spurned by the National Trust, were given to the University of Manchester. At last a tenant has been found to restore the house, Cygnet Health Care Plc, and the collection – long out of the public eye – is to be opened to the public in April 1990. To whet our appetites, a selection of 30 are on show at the Heim Gallery, Jermyn Street until November 21.

Images of Tabley itself dominate the show. House and park are represented by Anthony Devis and Henry Thomson, and with sparkling freshness in a newly cleaned early Turner. The extent of Sir John's patronage of James Northcote quickly becomes apparent. Highlights include a bravura piece of Romantic painting by James Ward, "Fall of Phaeton," an uncommonly good John Martin – a rose-tinted apocalypse of the destruction of Pompeii and Herculaneum – and Fuseli's haunting "Friar Puck."

To my mind, however, the tour-de-force is a canvas inherited by the 5th baronet: William Dobson's dashing portrait of the Royalist cavalry commander John, 1st Lord Byron, probably painted at Oxford during the Civil War. It is a composition of verve and dramatic contraposto, and rich Venetian colour. Lord Byron stands side on in front of twisting Salomonic columns and pointing to a battlefield, his black page holding a noble white charger stolen from Van Dyck. One can almost feel the softness of the horse's muzzle, the bloom of the page's face, and the texture of his broadly rendered red velvet doublet.

The presence of a number of family pictures confuses our idea of Sir John's taste, and indeed the selection here, unavoidably, is not fully representative of his original collection. There is only one Turner, no Gainsborough or Wilson, Beechey or Hoppner, although he was a major patron of the latter. It was Hoppner whom he chose to record the barely covered charms of his exceedingly youthful mistress Miss Emily St Clare as Venus, jealously chaperoning all her sittings.

After his marriage to the 16-year-old Georgina Cottin at the age of 48, he sent the Prince Regent's portrait painter William Owen ahead of him to Tabley to remove all the portraits of the delightful Emily. Sadly, if not unsurprisingly, all traces of her were removed from the house after Sir John's death. It would be marvellous to see all of the pictures of his historic collection reunited once more, however briefly.

William Dobson's portrait of John, 1st Lord Byron

ARTS GUIDE

October 20-26

Continued from page 14

OPERA AND BALLET

London

Royal Opera, Covent Garden. The latest revival of the 1975 *Peter Grimes* brings a promising cast of newcomers – Philip Langridge in the title role, Felicity Lott, Donald McIntyre, Sarah Walker and Stuart Kale – and Roger Norrington as conductor. *Die Walküre*, in the production by Götz Friedrich adapted from his Berlin staging, is distinguished above all by Bernard Haitink's magnificent conducting and the vocally unsurpassable Wotan of James Morris.

English National Opera, Coliseum. Kurt Weill's marvellous Broadway opera *Street Scene* comes to London after being shown by Scottish Opera earlier in the year. David Pountney's production, designed by David Fielding, is conducted by Carl Davis; the cast includes Kristine Ciesinski, Janis Kelly, Bonaventura Bottone and Richard Van Allan.

Ballet: The Royal Ballet brings in its over-complicated *Swan Lake* (Sat matinee, Wed).

Paris

Théâtre de la Ville. Trisha Brown Dance Company presents, as part of the Paris Autumn Festival *Son of Gone Fishin', Newark, Glacial Decoy* and *Astral Convertible* (42742277).

Opéra. Jiri Kylian opens the Paris Opéra season with *Tantz-Schul* to Mauricio Kagel's music and *Sinfonietta* to Janacek's music accompaniedby the Paris Opéra Orchestra conducted by Arturo Tamayo(47425371).

Brussels

Théâtre Royal de la Monnaie. *The Plank in the Fall of Icarus - Disaster/Utopia* directed by Frederic Flamand, a multi-media production by Fabrizzio Plessi with music composed and performed by Michael Nyman. Sat, Sun.

Amsterdam

The Netherlands Opera with *Ariane et Barbe-Bleu*, by Paul Dukas, directed by Philippe Sireuil, with the Netherlands Philharmonic conducted by Henry Lewis. Kathryn Harries and Roger Soyer in the title roles (Fri, Mon, Thur). Muziektheater. (255 455).

Vienna

Staatsoper. Kabuki-Theatre from Tokyo.

Volksoper. The week's performances: *Eine Nacht in Venedig*; *Die lustige Witwe*; *Mignon*; *Wiener Blut*; *Der Zigeunerbaron*; *Cosi fan Tutte*; and *Die Fledermaus*.

Berlin

Opera. *Arabella* expertly conducted by Guseppe Sinopoli was well received, when it opened last week with Lucia Popp in the title role, Angela Maria Blasi, Bernd Weikl, Peter Seiffert and David Griffith. *Zar und Zimmermann* is a well done repertoire performance.

Bonn

Opera. Last season's successful Marco Arturo Marelli's *Madame Butterfly* production returns with Keiko Kamegawa, Chieko Shirasaka, Lando Bartolini and Ludwig Baumann.

Frankfurt

Opera. *Behind the China Dogs* has choreography by William Forsythe and Amanda Miller. Forsythe's ballet *Isabelle's Dance* is revived. *La Finta Giardiniera*, the first new production this season, by the Canadian producer Robert Carsen will be conducted by Frankfurt's director Gary Bertini. Also offered *Un Ballo in Maschera*.

Cologne

Opera. The first co-operation between the Düsseldorf Opera and Cologne Opera will be the new Wagner cycle produced by Kurt Horres. The premiere of *Das Rheingold*, conducted by Hans Wallat has a strong cast led by Hanna Schwarz, Anne Gjevang, Beatrice Niehoff, John del Cario, Matthias Hoelle, Martin Finke and Eiter Schweikart. *Die verkaufte Braut* rounds off the week.

Madrid

Ballet del Teatro Lirico Nacional in the two act ballet *La Fille mal Gardée*, choreographed by artistic director Maya Plisetskaya, with Juan de Udaeta conducting the Madrid Symphonic Orchestra. Ends Oct 21. Teatro Lirico Nacional la Zarzuela (429 82 25).

Madrid Autumn Festival. Sala Olimpia. Musical version of *King Lear* performed by the Kathakali group from Kerala, India. Shakespeare's words substituted by music and dance, thus recovering the atmosphere and style of India's ancient theatre. Directed by Annette Leday and David Macruvie. Ends Oct 22 (227 46 22).

Rome

Teatro dell'Opera. Alvin Ailey's American Dance Theater.(8 46.17.55).

Milan

Teatro Alla Scala. The Bolshoi State Opera on tour with Prokofiev's *Duenna*, and Mussorgsky's *Boris Godunov* (80.91.26).

Florence

Teatro Verdi. The Scala production of *Don Chisciotte*. Choreography by Nureyev, danced by the Maggiodanza Company (213320).

New York

Metropolitan Opera. Julius Rudel conducts *Il Barbiere di Siviglia* in its first seasonal performance with Marilyn Horne, Stanford Olsen and Gino Quilico in Sonja Frisell's production. The week also includes Franco Zeffirelli's new production of *La Traviata* featuring Edita Gruberova, conducted by Carlos Kleiber; and Christian Badea conducting *Aida* in Sonja Frisell's production. Opera House Lincoln Center (362 6000).

Joffrey Ballet. A new Gerald Arpino ballet opens the three-week New York season, which also includes the premiere of a new staging of Nijinskya's *Les Noces* and revivals of Ashton's *Illuminations* and *A Wedding Bouquet* in the company's extensive repertory. Ends Nov 19. City Centre (581 7907).

Chicago

Lyric Opera. Carol Vaness sings the role of Vitella and Tatiana Troyanos is Sextus in Francois Rochaix's production of *La Clemenza di Tito* conducted by Andrew Davis. Jiri Kout conducts *Der Rosenkavalier* with Anna Tomowa-Sintow and Julian Patrick (332 2244).

Ballet Chicago. The company's second season takes Johann Strauss's operetta as transformed by choreographer Ruth Page and danced by principals Sherry Moray, Menard Stewart and Petra Adelfang (Wed). Chicago Theatre (993 7575).

Ballet Folklorico de Mexico. Amelia Hernandez leads her company through the paces of the lively, varied, and innovative choreography of Mexico (Thur). Auditorium Theatre (922 2110).

Tokyo

Vienna State Opera. *Viaggio in Reims* by Rossini, conducted by Claudio Abbado, with Cecilia Gasdia, Lucia Valentini-Terrani, Ruggero Raimondi (Tues, Thur) Tokyo Bunka Kaikan (725 8888).

Star Dancers Ballet: *Giselle*, choreographed by Peter Wright; with Kumi Oyama, Zhang Weiqinang (Wed), Sakiko Arai, Nobu Nagase (Thurs). Yubin Chokin Hall (401 2293).

SALEROOM

Immune from market shocks

The sighs of relief were almost audible across the Atlantic: the first major sale of the new art market season at Sotheby's New York on Wednesday evening was a resounding success. The 44 paintings from the collection of the late John T. Dorrance, Jr, the son of the founder of Campbell Soups, brought in $116,182,000 (£73.2m), with just 2 per cent unsold. Twenty nine paintings broke the $1m barrier.

Sotheby's had touted the Dorrance dispersal, which continues until Saturday, as "certainly the most important collection of art ever to come to auction," at least in terms of cash, and so it is proving. The forecast of £100m will be comfortably exceeded.

The top price in the auction of his Impressionists was the £7.8m paid for "Femme à l'ombrelle rouge, assise de profil," painted by Matisse in his hotel room in Nice around 1920. It is a highly coloured and vibrant mix of reds and mauves showing a lady on the balcony of her hotel and it set an auction record for the artist. One of the finest examples from Monet's "Haystacks" series sold to an American private buyer for £5.4m.

An encouraging feature was the continued strength of Japanese buying. Aska International, which recently acquired a 7 per cent stake in Christie's, paid £5.2m for "Au Moulin Rouge," an early Picasso of 1901, his first year in Paris, and £4.5m for "L'homme est en mer," painted by Van Gogh in 1889 and depicting a weary woman sitting by the fire awaiting the return of her fisherman husband.

New bidders on the international art scene are the Taiwanese, who can now export capital more easily, and a buyer from there secured a *Monet*, a serene river scene at Argenteuil, painted in 1877, for £4.16m. Another Japanese dealer acquired a typically pretty Renoir, of a girl in a red dress, for £3.6m.

There were three more artist records – the £1.4m paid for a pair of paintings by Vuillard, part of his Streets of Paris series which were used as panels to decorate the rooms of friends; the £485,200 for "Le canal en Flandre" by Theo van Rysselberghe; and the £363,900 paid for "Neptune," a Newfoundland dog painted by Landseer in 1824.

The prices proved that the art market at the highest level is still immune to any fluctuations on the world's stock markets. However the Dorrance paintings, bought over the last 30 years and lovingly used to decorate his estate outside Philadelphia, were of the highest quality.

Antony Thorncroft

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Friday October 20 1989

Mr Lawson stands pat

THE UK is now entering the second year of the Chancellor's blip. Recently released information on prices, unemployment and, most important, money supply suggests that the blip goes on. So, it appears, does the Government's current policy – a pragmatic outcome of disillusion and disagreement. At least the Chancellor himself retains the confidence of the successful pilot, even if the boat itself is somewhat battered by now.

In his speech at the Mansion House, Mr Lawson restated the essentials of current policy, the proposed changes being mere details. What stands out above all is the confident assurance that the British economy will, in the end, respond to the current brand of pragmatic monetary fine tuning. "It would be foolish," he asserts, "to ignore any relevant information or to try to rely exclusively on a single indicator."

Faute de mieux the Chancellor confirmed that M0 retains pride of place, but M0 is not returning the Chancellor's affection. Over the last six months it has been growing at a seasonally adjusted annual rate of just short of 9 per cent, as against a target for this financial year of 1 to 5 per cent. The much lower (and distorted) figure of 4.5 per cent for the year as a whole looks certain to rise once more.

Lending buoyancy

The continued decline in unemployment and the buoyancy of lending, despite almost a year of base rates of 13 per cent or more, are remarkable. "The slowdown has not happened as quickly as I expected," is the Chancellor's wry comment. "In particular, personal savings have fallen further than anyone, inside or outside the Treasury, expected." The British spender is, indeed, a marvel.

Apart from more general comments, the Mansion House Speech is the occasion for details like funding. Although the policy remains "to ensure that, over time, any net intervention is sterilised, that will be done as and when appropriate, and is not necessarily within the financial year in which the intervention takes place." By treating Treasury Bill sales as outside the definition of funding, he will also modestly reduce the scale of the buying in of gilts.

The principal criticism of present policy is not that the Chancellor has eschewed credit controls, on which he made telling points; nor is it his pragmatism about means; it is the pragmatism about ends that causes concern. He has repeated his opposition to devaluation; none the less, the pound has devalued. He has stressed his determination to control inflation; none the less, inflation has risen. It is far more difficult than it should be after ten years in power to read this Government's intentions.

Disturbingly flexible

Perhaps these difficulties would have been resolved if he had persuaded the Prime Minister to accept full membership of the exchange rate mechanism of the European Monetary System. But this is the key point of disagreement within the Government.

He reiterates the Government's commitment to join the EMS during Stage 1 of the Delors "recipe", "once our own inflation has come down and progress has been made with the abolition of exchange controls and other key aspects of the single market." This remains a disturbingly flexible formulation.

He also confirms his deeply felt opposition to the subsequent stages of the Delors approach, which he excoriates as "a centralist and bureaucratic agenda". One cannot complain about his stress on the "evolutionary" approach to economic and monetary union. None the less, the idea of competing currencies that he proposes, while attractive in itself, is simply not an alternative to the Emu desired by other members, but only a complement to it.

What is more, the greater the difficulties into which the UK economy has fallen, the greater the difficulty in exporting the British policy model. Mr Lawson's blip must obviously be on its way out when next a Chancellor rises in the Mansion House, if the Government is to retain either its credibility (maybe even its hold on power) at home or its influence abroad.

Remember Barlow Clowes

TODAY MARKS the first anniversary of the publication by Britain's Department of Trade and Industry of a special report on the Barlow Clowes scandal. One year on, this saga is developing into a case study of how Governments can push embarrassing issues out of the headlines, and avoid debate about the accountability of their bureaucrats.

In June last year, serious questions were being asked about the way that the Trade Department had handled Barlow Clowes in the period of four years since it had been licensed as a securities dealer. With the savings of some 18,000 investors in jeopardy, the affair was developing into one of political as well as financial importance.

Lord Young, the then Secretary of State, was forced to take the unprecedented step of appointing an independent investigation into his Department's handling of the affair. "This is an enquiry," he said "to determine the facts of what actually happened within the department and to determine whether or not the department is to blame in any way or whether procedures could be improved in the future." That put a stopper on political debate through the summer. There was no point in discussing the matter till the independent report by Sir Godfray Le Quesne – a former chairman of the Monopolies Commission – had been published.

Not full and frank

But when the report appeared on October 20, it was not quite the full and frank affair that might have been expected. "My terms of reference require me 'to investigate and establish the facts', not to express any judgment or opinions," Sir Godfray wrote. Moreover, he had decided not to name any officials in the body of his report, but rather to name them in an appendix (E). "I am told that you have decided to omit appendix E," noted Sir Godfray in a letter to Lord Young which accompanied the report.

The Government treated the report as a vindication of the Trade Department's actions: others were less generous. Although a case could indeed be made on the evidence that the judgments at each stage in the story were not unreasonable in the light of circumstances at that particular moment, enough was both well known and murky in the background of Barlow Clowes to have put officials on red alert. Instead, they chose to place excessive reliance on the work of outside advisers.

Early rumblings

As early as May 1984, the Stock Exchange had reported a "vague feeling of unease" about the firm's affairs: there were similar rumblings from the Bank of England and other City sources. Lord Young's refusal to accept any responsibility for the losses incurred by investors brought a political furore, which he again rode out. And now there was another reason for inaction: the parliamentary ombudsman had decided to take up the case. The first thought was that he would have some conclusions by this Spring: in the event, it turned out to be "the most complex, wide ranging and onerous" investigation ever undertaken by his office. The ombudsman has still not reported: he retires at the end of this year.

From a political point of view, two issues remain unresolved seventeen months after the firm was shut down. One concerns the Government's moral responsibility to pay some form of compensation to investors in the light of the Trade Department's failure to appreciate what Barlow Clowes was doing, and to put a stop to it.

The other is a more general question of accountability. In 1954, a Conservative Minister of Agriculture resigned when his civil servants were criticised for their behaviour over a piece of land at Crichel Down: the official report named names, and recommended disciplinary action for the worst offenders. There was no suggestion of corruption or of wilful deception, but a price had to be paid for some grave errors of judgement. Such demanding standards may be a thing of the distant past, and there have been any number of Trade Secretaries to share the blame since Barlow Clowes started to go wrong. But where does the buck stop now?

Robert Graham examines President Salinas' efforts to reform Mexico

Early success in the laboratory

"THIS IS MY real office," says President Carlos Salinas de Gortari of Mexico, leaning across a small pine desk and glancing out of the window at the forest-covered Yucatan Peninsular 33,000 feet below.

Mid-morning and Mr Salinas is en route from Mexico City to Cancun aboard the presidential Boeing 737-400. His office is at the back of the aircraft in a specially constructed suite.

Like his predecessors sitting atop Mexico's pyramidal system of power, President Salinas faces constant demands to visit the country's 31 states. Yet during his first 10 months in office, he has seized every opportunity to get out of the capital.

Informally dressed in open white shirt and dark trousers, the 41 year-old President exudes the health of a dedicated jogger. He clearly relishes showing the flag in the provinces and likes to give the lie to the image of a desk-bound technocrat that has accompanied him from his Harvard PhD days through to his last post as Planning Minister.

His entourage is small, universally young and so unpretentious that everyone seems almost swallowed up in the aircraft's plush blue leather seats. After breakfast, Mexican style (large and late in the day), he fields questions from debt to corruption with good humour and fluency. He shrugs off the clockwork precision with which he has delivered on some of his electoral promises and the skill with which he has managed to establish his own authority.

A year ago as president-elect, he was saddled with the widely repeated charge that he won office through massive fraud. He lacked stature and looked vulnerable to the growing opposition movement that was coalescing round the charismatic nationalist figure of Mr Cuauhtemoc Cárdenas.

All this has been quickly reversed. His agenda, with its centrepiece the deregulation of the economy, is setting the pace and wrong-footing his opponents.

"Luck has helped our decisions," he says; and only when forced concedes: "Yes, things have worked positively." Why has he acted where previous administrations have not dared – reining in the drugs mafia; curbing the private fiefs of union bosses? "That you would have to ask previous governments. I can only say we have applied the law to individuals who have broken the law," he replies sharply, parrying any suggestion his clean-up is directed more against individuals than the system itself. "Do systems break laws?"

This confident performance, however, does not prevent him from continually underlining the seriousness of Mexico's plight. On the July agreement with the commercial banks on $53bn of medium and long-term debt which he believes could cut the amount of capital that Mexico exports as debt service from 6 per cent of gross domestic product to 2 per cent, he argues that it was the best that could now be achieved.

"When I presented the agreement to the Mexican people, I told them that this was not the solution to our problems . . . Mexicans will still have to go on working very hard to increase their standard of living. The debt agreement does not allow for a relaxation in the domestic effort or in the discipline of public finance . . . but the result will be shown now in the recovery of growth and not in permanent stagnation and recession."

The economy has begun to pick up faster than expected. Mr Salinas announced this week that growth is running at an annualised 3 per cent, double official projections at the beginning of the year, but the President and his economic team are concerned at possible inflationary consequences.

"We don't want the recovery to be too fast because the lack of investment in previous years means that we could find shortages and bottlenecks. Therefore we are emphasising investment in infrastructure in order to be able to sustain the rate of growth."

In the competition for scarce public sector resources, he has no doubt his priority must be for social spending. He cites as an example the recent privatisation of the airline Mexicana. "I had to make a choice between channelling the resources from the debt renegotiation to buy the 30 or 40 aircraft that the modernisation of Mexicana needs or to provide water for popular housing areas (*colonias populares*) . . . The choice was very clear to me . . . I decided to sell Mexicana so that the private sector, either Mexican or foreign, will be able to promote the required expansion."

Similar considerations apply to other areas of transport and communications such as Telmex, the national telecommunications company. "Telmex needs between $6.5bn and $10bn for its expansion in the next five years. This is the same amount needed to modernise Mexico's educational system. Since I will not have simultaneously the resources required for the expansion of Telmex, I will sell Telmex and privatise it."

The private sector is also being brought in to build roads on a toll basis. Today, Mr Salinas' first call, after a brief official welcome in the steamy tropical heat of Cancun airport, is the opening of one such privately funded venture. This will extend the existing 128 km road along the flat Caribbean shoreline to the Maya archaeological site of Tulum, stimulating a further increase in the already considerable tourist development round Cancun.

After a brief ceremony inaugurating the roadworks, the presidential party moves off by bus to visit one of the many shanty towns that have grown up on the back of the Cancun tourist boom. Cancun's 240,000 population is increasing at a staggering 27 per cent a year, with over 70 per cent living in shanty towns. This was no more than a fishing village 15 years ago. The luxury of the tourist complexes beside the squalor of most Mexicans' living conditions is an eloquent comment on the divide between modern and traditional Mexico that Mr Salinas is seeking to bridge.

The President is visiting a shanty town which he toured last year as president-elect after it was devastated by Hurricane Gilbert. He has come to see whether all that was promised by the government has been delivered. The *colonia* consists of wood or adobe huts with dry leaf roofs set amidst the receding remains of forest. Electricity pylons are still being erected and the road is pot-holed from tropical storms.

The community has turned out in force to listen to the President who has been seated in the middle of a crowded podium underneath an open awning. Five residents in turn welcome their leader from the Big City and express their grievances. Although they are carefully chosen supporters of the ruling Institutional Revolutionary Party (PRI), their message is: "We appreciate what you are doing – but . . ." The complaints are uniform. Insufficient police to prevent drugs, robbery, rape and illegal occupation of land; too costly transport; inadequate teacher/student ratios; lack of street lighting and proper pipes for fresh water. "Let us have street lighting at least to see better when we are attacked," said one woman to loud applause.

The President listens, occasionally taking notes. As each speaker finishes, he embraces them and is usually handed a written petition: a time-honoured practice reflecting the all-too justified Mexican belief that only a president can cut through red tape. He then speaks for ten minutes. Despite the noise of the wind tearing at the awning and a woman unexpectedly jumping onto the podium with a petition (who is treated with embarrassed tolerance by his bodyguards), he appears at ease and to be thoroughly enjoying his job.

What he lacks in charisma is compensated for by his youth, and the directness of his language. Without raising expectations, he tells his audience they deserve more and he will do his best to ensure they get "more – but they must also help themselves. The applause is restrained, suggesting the sober tone of his comments has been understood.

As he mingles briefly with the crowd afterwards, three people catch his attention and he invites them on to the presidential bus for a brief chat and a soft drink – smart public relations perhaps, but also a way of gaining insight into the thoughts of the silent majority.

His next engagement is on more familiar territory: meeting and addressing Latin American Finance Ministers and Central Bank Governors over lunch at a government guest house. Everything is very informal and he is on first name terms with many. He is able to play host in the knowledge that Mexico has been lauded in Washington for its economic policies and obtained the first debt reduction deal with the commercial banks.

Before lunch there is time for a highly visible encounter with Mr Jesus Silva Herzog, a former Finance Minister. Mr Silva, who had been a powerful rival for the presidency, had caused a stir by comments that the economy was being opened up too quickly. The next day a front-page photograph of the two appeared, indicating presidential reconciliation with a man who could still be a political heavyweight.

This is a reminder that President Salinas, far more than his recent predecessors, has to play politics. The PRI is going through a delicate process of reorganisation in which the old "dinosaurs" are being cast aside and a new "modernist" philosophy is being imposed on the party. "The PRI is working hard at its own transformation," he says, aware that the party has to adapt to the reality of political pluralism. In July, the PRI conceded defeat in the election for the governor of Baja California, the first time any state has ever been allowed to fall into opposition hands. Mr Salinas finds himself in the curious position of a popular leader, according to the polls, yet representing a party which enjoys little public respect.

Significantly, Mr Luis Donaldo Colosio, the hand-picked new president of the PRI, is accompanying him on this trip. The President clearly hopes that the PRI can establish a new appeal both through internal reform and by demonstrating positive economic results. This is the tightrope he is now walking while he balances expectations against results.

He worries "very much" about the growing dependence upon foodstuffs imports. "We have 85m people in Mexico: during my administration another 10m will be added. We have to feed all of them. Productivity has not grown in rural areas. Imports of foodstuffs have increased."

For the moment, the PRI apparatus is holding the unions in check and this permits the continuation of a price and wage restraint pact with them and the employers – which is the basic pillar of his economic strategy. The pact has worked in bringing inflation down from 200 per cent in 1987 to 17 per cent this year for two reasons. First, there is a consistent macroeconomic policy that calls for price stabilisation as a priority; and second, the dialogue between labour unions, producers and government has allowed us to accommodate different interests without having to increase prices and without shortages." The pact is due to end in March and Mr Salinas envisages a gradual liberalisation of prices.

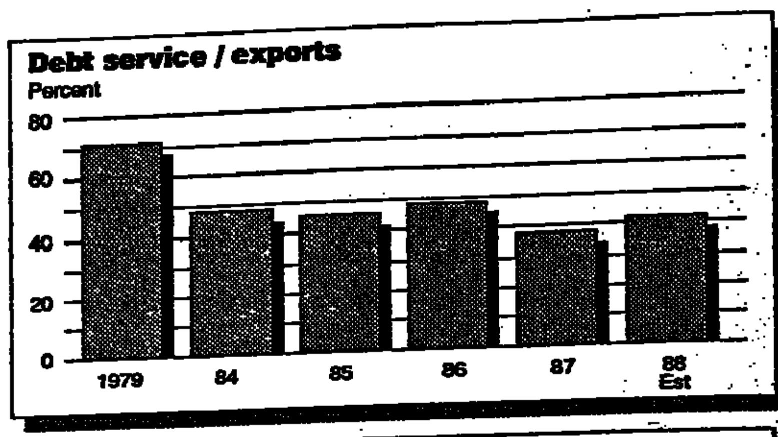
Economic talk absorbs the President as he winds up his visit to Cancun. At the airport he is deep in conversation with Mr Pedro Aspe, the 39 year-old Minister of Finance. Watching these two youthful people discuss the affairs of such a large, complex nation, they seem to possess all the enthusiasm of post-graduates challenged with a laboratory experiment. And indeed Salinas' Mexico is a giant experiment in modernisation which is being watched eagerly for results throughout Latin America.

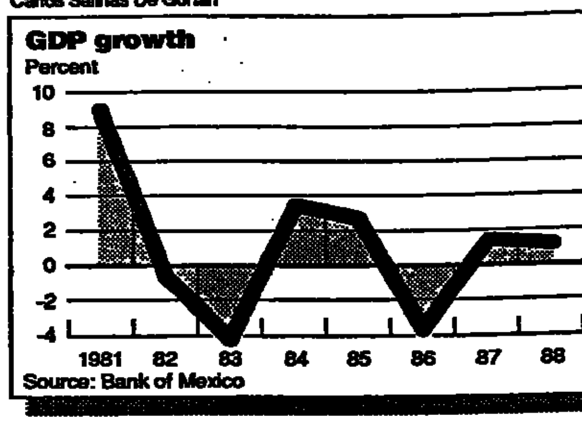
Mr Salinas' agenda, centred on deregulating the economy, is wrong-footing opponents

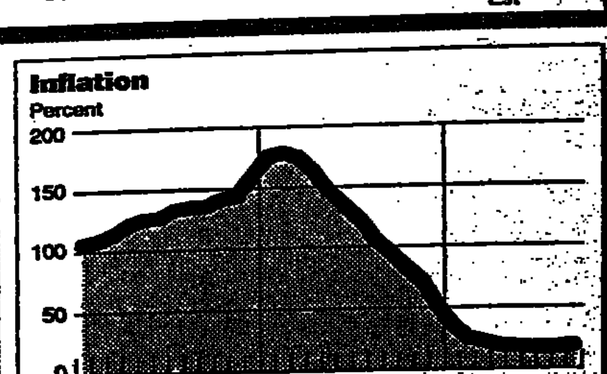
'We have 85m people: during my administration 10m will be added. We have to feed them all'

Mexico's economy

Carlos Salinas De Gortari







Source: Bank of Mexico

OBSERVER

Shirley stirs it up

■ Steve Shirley takes over as President of the British Computer Society next week – the first woman to hold the job. It is an honorary post and lasts only a year, but she says she has already done all the planning. "I'm a manager. I do make things happen, even if I do not have all the original skills."

Shirley started with British Telecom, then ICL. She launched her own company - now the F I Group – 20 years ago. "It's just about in the top league of UK systems companies now," she says. There is some thought of going to the market in the next two or three years, but like everybody else she is wondering about the timing: the effects of high interest rates, how the next privatisations go, possible recession and the date of the general election.

Meanwhile, she is allowing F I Group to be run by another woman, Hilary Cropper, as chief executive. Shirley will get on with stirring up the British Computer Society. She wants it to move out of London – a decision already taken in principle – and would prefer to set up its headquarters in Swindon or Coventry. She would not be averse to a major sponsorship. "What if the new place were called the Sony Building?" she muses.

Much of the emphasis during her Presidency will be on marketing. "Strengthening the bridges between the computing profession and the business world at large," is her way of putting it. "There is a tendency to push down the decisions on information technology to the technical people," she says. "It is the British executives who must be prepared to get their hands dirty and use computers in the boardroom:" an odd image for computers perhaps, but showing the strength of her feeling.

Not least, the Society must become more involved in national issues, like hacking. The Society has around 30,000 members, 9,000 of them students, and a staff of 65. Shirley estimates that the UK information technology community is about 300,000. Everything should be bigger by the time she has finished.

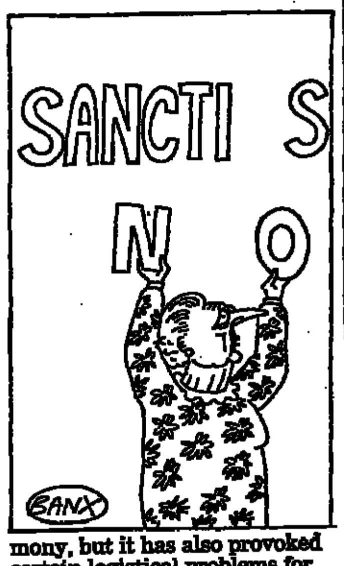
Press laws

■ Slight shock for the British press: Tim Renton, Minister of State at the Home Office, told a seminar yesterday that the Calcutt Committee, set up to make proposals on media law, will now report by Easter – rather earlier than expected. Although Renton said that the Government is still against statutory regulations, that means that MPs will be queuing up to introduce Private Members' Bills on such matters as the right of reply next autumn.

Much current talk is about newspapers appointing their own Ombudsmen. Sir William Wood, a former civil servant, told the seminar that he had been Ombudsman to the Mirror Group for five years, appointed by Robert Maxwell, but had been given nothing to do. Ken Donlan, the Ombudsman at The Sun, however, is now very active.

Baby talk

■ Some of the gossip at the Commonwealth Conference has turned to mothers and babies. The warmly applauded return of Pakistan to the Commonwealth and the presence in Kuala Lumpur this week of Benazir Bhutto, complete with husband and one-year-old son, has provided a new focus of attention. For a start, it meant that Denis Thatcher had another male to walk with during the Parade of the Spouses at the opening ceremony, but it has also provoked certain logistical problems for the weekend when the leaders head off for their traditional informal retreat, accompanied by a solitary aide.



Benazir is understandably taking her baby along to the holiday island of Langkawi, but in an addition to an aide she needs a nanny. Never before have the conference organisers had to face such a request. But then neither, according to conference sources, has a pregnant mother previously headed a Commonwealth delegation.

Sudden death

■ Anyone who has met Mirab Kostava, doyen of the dissident movement in the Soviet republic of Georgia, will be shocked to hear the news of his death in a motor accident last Friday.

Kostava, who was 50, was six foot tall, had a shock of white hair and a huge white moustache. Clad in a black suit, he could be seen walking the streets of Tbilisi in a deliberately upright posture, like some regimental sergeant major.

His life was devoted to the struggle for Georgian nationalism, as a result of which he was regularly in prison. Between 1977 and April 1987, he was in internal exile, after which he returned to Tbilisi to play an active role in the demonstrations that have taken place there in the past year.

Two inquiries – one official, the other unofficial – have been set up in Georgia to investigate the accident.

Direct approach

■ Star-studded though the line up for Rupert Murdoch's new financial firm was yesterday, the real moving force behind Marriott Moore was a 35-year-old lady, Patrice Marriott.

Marriott is an Australian who spent much of her career as a corporate lawyer to the acquisitive Elders IXL. She saw a lot of Australian entrepreneurs needing sound advice on how to break out into the wider world, and this gave her the idea of a small advisory firm.

One of the first people she contacted was Rupert Hambro. She then managed to get hold of Rupert Murdoch's personal fax number and sent him a proposition. Murdoch was intrigued by the idea and became the first to put money on the table. After that, the pieces fell into place quite quickly.

Now her plan has come to fruition, how does it feel to be running one's own firm in what is still, essentially, a man's world? "That is a 1970s' question," she said with some impatience.

Flattering

■ A reader who had his hair cut in a Mayfair hotel reports that the barber shop assistant had a new (to him) way of encouraging tipping. "We get many distinguished gentlemen in here, sir, but you're the first today."

POLITICS TODAY

The doctors carve up the Tories

By Joe Rogaly

Britain's Conservative Government may come to regret the day it picked a quarrel with the organised medical profession.

This has nothing to do with whether the doctors are right or wrong. On many of the current issues in dispute they are as obtuse and self-seeking as ever. It has little to do with whether their trade union, the British Medical Association, is an honourable organisation or not: its long history of battle with governments is evidence enough that when it fights, it fights dirty.

The problem is more insidious than either of these. It is that the current contract being offered to General Practitioners in the National Health Service, plus the proposals for an internal market within the NHS itself, were both conceived when the tide of hard ideological Thatcherism was running high. That tide is now flowing out. The battle-lines were drawn shortly after the triumphant election victory of June 1987, when the Tories thought they could win against anyone. The battle is being fought now, when some Conservatives fear that they might lose – even against a Labour Party led by Mr Neil Kinnock.

By the time of the next general election, which is probably about two years away, the thinking behind all of it – the new contract for GPs, the internal market, self-governing hospitals, own-budget group practices and the other paraphernalia of competition-led "value-for-money" in the public services – may be rotting on the beach. It is at that point that the Tories could be at their most vulnerable on a question which favours Labour – which party is most likely to ensure the preservation and enhancement of the NHS? This will not decide the outcome of the election, but it could give Labour an extra edge if the distance between the parties is close.

It is clear that Mr Clarke's job is now, quite simply, to minimise the political damage done to his party

Mr Kenneth Clarke, the Secretary of State for Health, is aware of this. He foresaw some of what has hit the Government. Last summer, soon after taking up his present post, he told his Cabinet colleagues that if they went ahead with the proposals for the restructuring of the NHS there would be blood on the floor. There is. It is not, however, BMA blood, but Conservative blood. This is not to say that the doctors will have their way in the end. That depends upon the many other factors which will determine whether or not Labour pulls off a political miracle and wins next time around. What is clear is that Mr Clarke's job has now been clarified. It is, quite simply, to minimise the political damage done to his party.

The BMA, many of whose members no doubt vote Conservative, will not make it easy for him. The doctors opposed the National Insurance Bill introduced by Mr Lloyd George in 1911. They collected 33,000 pledges of resignation from all Friendly Society and similar communal insurance contracts, and greeted subsequent Government concessions by moving the goalposts. They did not, however, have the stomach to carry out their threats of resignation. By 1913 Lloyd George had his health insurance scheme in place.

History repeated itself in 1945-48, when the BMA fought scalpel and stethoscope against the National Health Service proposed by Mr Aneurin Bevan. As the NHS Act passed through Parliament in 1946, the BMA organised a poll of doctors, 54 per cent of whom voted against negotiations with the Government. A few months before the introduction of the service on July 5 1948 the doctors voted again. They were even more damning: in an 84 per cent poll they rejected acceptance of the NHS by 40,814 votes to 4,734. At this time the Gallup poll was finding close on 70 per cent public support for the emerging health service. Support has remained as high, or higher, ever since.

Mr Bevan offered a face-saving concession, an amending act promising that the doctors would not become salaried servants of the state. Yet in a third BMA referendum the vote was still against – this time by 25,842 to 14,620. Within that total the GPs were still opposed, but the majority was too slim to threaten obstruction. If you consult the account of these vigorous skirmishes in Mr Michael Foot's brilliant biography of Bevan you cannot fail to sympathise with Mr Clarke. As Bevan himself put it, "the most eloquent politicians in Great Britain are to be found in the medical profession . . . indeed I've been learning quite a few tricks in the last year or two . . ."

Yet that is not the end of the story. From 1911 to 1964 GPs were paid a "capitation fee" – so much per patient on their lists. Some wanted a price for each service, but there was overwhelming opposition to the idea of a state salary. By 1964 general practice was the poor relation of the NHS, with doctors struggling with lists loaded to capacity. A negotiation for a fresh contract began; in the end the Labour Health Minister was bounced by the BMA into many elements of the contract that Mr Clarke is amending.

Not all of it is bad. It reduced the capitation fee element to under half of the total, provided for payments towards premises and group practices and, taken as a whole, raised both the status and the performance of general practice. The doctors had for once successfully used the 1911 tactic: some 17,800 letters of resignation from the NHS were waved in the Government's face. As a trade union, the BMA proved again that it is particularly obstreperous, perhaps because it is extremely democratic and ruled by a rank-and-file composed of busy professional people.

It is hardly surprising, therefore, that Mr Clarke does not see much future in offering compromises to the BMA, in spite of its members' rejection of the new contract and the subsequent mutterings about resignations. Either he wins, or the doctors do. Unfortunately for him, and for the Tories, he has become entangled in more than one battle, on more than one front. He formed his opinions on the desirability of a new contract for GPs when he was Minister for Health in 1982-1985, under Mr Norman Fowler. That was a period of Thatcherite ascendancy. It seemed only natural then to propose a new deal that would demand specific services, and more of them, for the same money – and add to competition for patients by increasing the capitation element in the package from 47 to 50 per cent. That thinking is still reflected in the contract which Mr Clarke said this week will now be imposed since the doctors voted down the "commendation" of their negotiators.

The merits of the new contract are debatable; what is clear is that it constitutes part of a political blunder that the Government could only have made in the full flush of its third-term arrogance. The broad outlines of the new deal have been a matter of public debate since they were first published in April 1986. The ante was, however, suddenly raised in January of this year, unbelievably at the same time as the reforms of the NHS were proposed. The capitation part of the doctors' package was now to be not 50 per cent but 60 per cent. The pressure to tout for patients is thus to be increased. To get the same money as they do now, most doctors will have to contract to do more work, or attract more patients, or both. On top of that the structural reforms Mr Clarke has in mind for the NHS are designed to establish greater accountability, more management information, and a theoretical increase in patients' purchasing power over the producers – that is, the doctors and other NHS staff.

This head-on assault on the prerogatives of yet another middle-class profession is understandable when you recall that January is an era ago in British politics: in those far-off days the encouragement of internal competition in the public services was taken for granted. Today the words "internal market" are taboo, at least inside the Department of Health. Then, the Treasury saw the reforms as a back-door way of imposing cash limits on GPs' budgets; today it surely wouldn't dare. The strategy is to press ahead with both the contract and the reforms, but to sell them over the BMA's head by talking up improved services for patients and boasting about every extra pound of expenditure that can be found.

The time-table is close. The new contract will come into force in stages between November 7th and April 1st. Attempts to reject it by a negative vote in the House of Commons cannot be expected to succeed. The Queen's Speech will include a long and complicated enabling bill, to give Mr Clarke ample powers with which to launch his new self-governing hospitals, group practices and – pardon the expression – internal market. It is thought unlikely that this bill will be through until the middle of 1990 at the earliest, which means that even with preparatory work now under way the new system is unlikely to start life before April 1991 – just six months before everyone's favourite date for the next election.

For all its roughness in battle, the BMA is a law-abiding trade union. It is likely to accept the new structure once it is enacted. It may therefore behave quite differently once the new arrangements are part of an Act of Parliament. Thus the Government will in that sense have its way. The cost, in votes, will depend in part upon the volume of surgery grumbles at the time, and in part upon the Labour Party's skill in exploiting what is still likely to be a high level of public disquiet. The only comfort, if comfort it be, that I can offer Mrs Margaret Thatcher is that those who live by the market eventually have to endure its fluctuations. You cannot buck it.

LOMBARD

Glasnost and the Soviet press

By John Lloyd

IN THE GRAVE crucial hour of the Revolution . . . the Provisional Revolutionary Committee has been forced to undertake a series of measures directed against the counter-revolutionary press. . . . as soon as the new order is established, every administrative measure of restriction with regard to the press will be lifted."

Vladimir Ulyanov (Lenin); Chairman of the Council of Peoples Commissars. November 10,1917.

Lenin may have meant that last statement (though in practice controls on the press were tightened through the next seven years of his life). We now know that press freedom, always a relative concept, cannot exist in any form for any length of time in conditions where political power is monopolised by one party. Sooner or later, one or the other has to give. Either the press, having enjoyed some open space, is clamped, or the free circulation of opinions demands oppositionist political forms to lift them off the page. Since the latter are still banned in the Soviet Union, is Mr Mikhail Gorbachev resorting to the former "administrative measures of restriction" to stop the awkward squad of Soviet journalism from whingeing, carping *and criticising?*

We should be clear about the effects of glasnost on the Soviet press – effects which the ambiguity in the meaning of glasnost itself points up. The word is commonly translated as "openness," but is more often used to connote "publicity." Much of the relative freedom the Soviet press has enjoyed under Gorbachev has been a mixture of both. Openness about the Stalinist and Brezhnev eras, about economic crises, about natural and other disasters, about the successes of capitalism is pressed into the service of the new regime to give publicity to the changes it has instituted and to differentiate it from the discredited past. Thus the press has gained its freedom on condition that it supports the reform process. The best known journalists – Fedor Burlatsky, Alexander Bovin, Yegor Yakovlev of Moscow News and Vitaly Korotich of Ogonek – have all to one degree or another seen their role as supporting Gorbachev, not least against his enemies within the Party and the bureaucracy.

"Dissidence" in the press has been from the conservatives. Sometimes it is carefully masked and sporadic, as in Pravda, which yesterday replaced its conservative editor, Yuri Afanasyev, with the liberal-ish Ivan Frolov, former editor of Kommunist. Occasionally it is open, as the publication of the famous Nina Andreeva letter mourning the passage of Stalinism in Sovyetskaya Rossiya last march.

But even an openness which is meant to have a certain direction creates its own momentum. The journalists who have seen themselves as the cutting edge of radicalism do not also see themselves as party hacks. Some, like Burlatsky, were frozen out in pre-Gorbachev times for *not* being party hacks. Often admirers of the western press, they seek a sounder foundation for continued and increasing liberty than merely the relative liberalism and political needs of the current general secretary.

These new demands have met old constraints. Mr Gorbachev is under intolerable pressure. He *has* swatted at the press. He told editors of the central press last Friday not to exaggerate difficulties for fears of "an anti-perestroika reaction." He has demanded the resignation of Mr Vladislav Starkov, editor of the hugely popular weekly Argumenti i Fakti, apparently for publishing a poll which showed that radical, and often non-communist, deputies to the Supreme Soviet were more popular than the run-of-the-mill, usually Party, ones. Mr Starkov's paper specialises in the facts.

Mr Gorbachev has seemed at times to be fulfilling Lenin's promise, seven decades on, of restoring freedom to the press. Characteristically he has moved both ways at once: the sacking of Starkov "balanced" by the retirement of Afanasyev. We have to hope, with the best Soviet journalists, that this is merely a temporary one step back.

LETTERS

Clearing the market for second-hand aggression

From Professor Paul Ormerod.

Sir, Your excellent leader ("The boy who cried wolf," October 17) on the irrelevance of stock markets in the successful post-war economies of Japan and the European continent is timely. As you note, the "ravings" of stock markets can do and have done damage to both the British and American economies. It is not a coincidence that these two least successful developed economies in the post-war period have the most developed capital markets.

It is all too easy to overlook a fundamental argument in defence of the London stock market at a time when it can have few friends left among British industrialists. Keynes made the point with great clarity when he wrote that "dangerous human proclivities can be canalised into comparatively harmless channels by the existence of opportunities for money-making which, if they cannot be satisfied in this way, may find their outlet in cruelty and the reckless pursuit of self-aggrandisement." Thanks to the stock market, the citizens of Woking and Weybridge can sleep safe in their beds, free from the threat of the crazed psychopaths who would otherwise undoubtedly be roaming their streets!

Paul Ormerod,
The Henley Centre,
2-4 Tudor Street, EC4

One-year rule on share sales

From Mr J.M. Reid.

Sir, Buying shares is usually an expression of confidence in a business and a wish to share in the rewards of its achievements. Should not this principle be enforced in the interests of the business by a prohibition on selling shares within, say, one year of their purchase? Must British industry continue to be the plaything of stock exchange speculators for the benefit of stockbrokers? Were plcs to attach such a condition to their shares, in the way money managers and building societies do on deposits, the real value of a business would be more objectively assessed and its board undistracted from running it efficiently and profitably.

John Reid
Executive Search Ltd,
24 Symons Street, SW3

City Technology Colleges

From Mr Lee Bridges.

Sir, David Thomas correctly highlights the political manoeuvring and uncertainty surrounding City Technology Colleges – CTCs – ("Schools initiative has lesson in uncertainty," October 17). Unfortunately, it is real children who are the victims.

My child attends one of the Haberdashers' Aske's Schools in Lewisham which are now scheduled to close in 1991 to be converted to CTCs. These two successful and popular comprehensives have already faced 17 months of uncertainty while the plan has been debated and fought over, with no less than four High Court cases so far and two more pending. This is a direct consequence of the lack of any consensus among parents, teachers and the local community over the CTC plan.

In separate ballots organised by the governors last spring, the majority of parents at the girls' school voted "no" to the proposition that their school should become "one of a pair of CTC's." The boys' school parents voted in favour. Despite this, the governors and the Haberdashers' Company decided to push ahead with the plan to turn both schools into CTCs. The new Secretary of State for Education and Science gave his approval in August, and at the same time exempted the Haberdashers' Company from having to pay any compensation to local ratepayers for all the public investment in the schools dating back over 40 years. This money can never be recovered if the schools cease to operate as CTCs in the future.

The controversy is still going on. It is open to new governors at any time in the next two years to reverse the CTC decision. Unfortunately, their election/appointment, due at the beginning of this school year, has been delayed. The Secretary of State, in a move clearly designed to prevent girls' school parents from thwarting his designs on their school for a CTC, ordered that they should be denied a separate governing body from the boys' school. This is one of the issues now being fought through the courts.

Even if the CTC plan does eventually go ahead, it will mean two more years when the education of present pupils will be disrupted by building works, staff turnover and absences for training and the breakdown of existing co-operation with other local schools.

How can "beacons of excellence" ever be created out such a sorry record of controversy, dispute, political and financial trickery and denial of democracy?

Lee Bridges,
124 Woodwarde Road, SE22

Taking the magic out of the life assurance appraisal value formula

From Mr J.P. Bannon.

Sir, It is time some of the mystique was removed from the subject of life assurance appraisal values discussed by Lex (October 18) with reference to the bid for Pearl.

Techniques for valuing life insurance companies are not based on a "magic formula." Appraisal values generally contain three main elements: capital and free reserves, the present value of future profits from existing business (business already written) and the present value of future profits from business yet to be written.

The valuation of the first two elements is relatively straightforward, although care should be taken in valuing the flow of profits from "with profits" policies. In valuing the third element, typically a multiplier is applied to the value of an estimate of the current year's new business. Here there are a range of "reasonable" assumptions, and hence a range of "reasonable" appraisal values.

An appraisal valuation should be regarded as a tool enabling the informed investor to make his own assessment of the value of the company. It is, therefore, essential that sufficient information is provided with an appraisal value in order that the investor may examine the sensitivity of the results to changes in key assumptions. What is dangerous is for a bald figure to be published as "the appraisal value," with no supporting data or sensitivity results.

I look forward to the publication of Pearl's appraisal value, and trust that there will be adequate disclosure of the assumptions underlying the calculations.

J.P. Bannon,
William M Mercer Fraser,
Telford House,
14 Tothill Street, SW1

From Mr Michael Freeman.

Sir, Lex's criticism of the life assurance appraisal value formula appears to be based on the universal human predicament of our lack of knowledge of future events. To accept his concern would be to preclude the use of any technique of share valuation based on forecasts of future earnings or on future developments in the corporation and the economy.

An appraisal value is not a magic formula. The present value of future profits is assessed after taking careful account of the company's current operating experience in areas such as policyholder surrender rates, corporate expenses, investment returns, tax and new business growth rates.

Naturally, the assessment of the future outcome of these variables requires the application of professional judgment. Fortunately, the actuarial profession is well placed to offer such advice, being able to draw on its considerable historic involvement in the financial management of the life assurance industry.

As many of your readers will know, the distributable earnings figures reported by life assurance companies in their statutory accounts are determined by reporting requirements which ensure the financial security of policyholders. However, these figures do not reflect the true value of the operation to the company's shareholders. Appraisal values – properly used and interpreted – can and do provide the insurance sector investor with more representative data on the value of his investment. This is true whether the company is quoted or not.

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FINANCIAL TIMES
Friday October 20 1989

COMMONWEALTH MAJORITY UNDERMINED BY PRETORIA'S DEBT DEAL

Britain rejects extending sanctions

By Robert Mauthner and Roger Matthews in Kuala Lumpur

BRITAIN and its Commonwealth partners were yesterday deeply divided over an Australian plan for developing new financial pressures on Pretoria.

News that South Africa had negotiated an agreement to reschedule $8bn of its debt has pulled the rug from under the the majority of Commonwealth countries, which had been advocating tougher rescheduling terms as the best way of encouraging Pretoria to dismantle apartheid.

President Kenneth Kaunda of Zambia castigated the international banks as "bloodsuckers" for signing the debt deal, while many other leaders expressed their disappointment in more prosaic terms.

By contrast, Mrs Margaret Thatcher, Britain's Prime Minister, who had been informed of the agreement before its announcement, said it was, of course, the responsibility of banks to recover their debts.

Western bankers involved in the talks acknowledged that South Africa's decision to announce the deal on the eve of yesterday's session of the Kuala Lumpur Commonwealth summit may have added to the tensions surrounding the debate, but they defended the terms as the best obtainable.

The five-point Australian plan, proposed by Mr Bob Hawke, the country's Prime Minister, has virtually no chance of winning unanimous support because of Mrs Thatcher's opposition.

During a tense summit debate on South Africa, Mrs Thatcher said she wanted to make it clear that the UK "would have nothing to do" with extra sanctions, which she considered to be counter-productive at a time of encouraging change in South Africa.

Asked as she left the meeting if the Commonwealth stance was wrong, Mrs Thatcher angrily replied: "Not for the first time."

Although the proposals will be further discussed during the informal weekend "retreat" of the leaders at Langkawi, the final communique of the summit conference next week is expected to make clear that Britain and the other member countries have agreed to differ.

Mr Hawke's proposal for "maintaining the pressure on South Africa," calls on all relevant banks and financial institutions to tighten conditions on trade financing, in particular through reducing the maximum credit term to 90 days.

It also calls on relevant governments to make trade credits harder to get by taking South Africa "off cover" with government agencies for official trade credit and insurance purposes.

The most surprising and, to many observers the most unrealistic, element of the proposal is the exploration of the possibility that the International Monetary Fund could work out a "supportive financial package" for South Africa. This would be conditional on "structural political reform of a kind that could reasonably guarantee the economic stability of the country in the future."

Mr Hawke said it was "unarguably true" that the measures taken by the international financial community since 1985 had put intolerable strains on the South African economy. They had denied it the flow of new capital needed to finance its growth and had made it progressively harder for it to support financially the expensive government apparatus of apartheid.

The essence of the message that the Commonwealth summit leaders should send to banks and other governments was that normality could return to South Africa's economic and financial relations with the rest of the world only "when the ugly abnormality of apartheid disappears," Mr Hawke said.

Bob Hawke, Australian Prime Minister, calls for a financial squeeze on South Africa

Mr Hawke tried to put a brave face on South Africa's pre-emptive debt rescheduling agreement by stressing that it should not be seen as taking any great heat off the Pretoria government.

While he and other Commonwealth leaders had hoped that any such roll-over agreement could have been deferred until much closer to the previous mid-1990 repayment deadline, the repayment was still on a tight schedule, with a higher level of repayment of principal required than in the first roll-over – just as had been strongly recommended by the Commonwealth Finance Ministers' Committee on sanctions at their last meeting in Canberra a few months ago.

Text of Hawke proposals; Kaunda calls for action on destabilisation; Thatcher anger, Page 4

Tough schedule for South Africa

Patti Waldmeir and Nicholas Woodsworth on the debt repackage

The South African debt deal provides for significant capital repayments to banks in 1990 and 1991, according to international bankers. However, the plan will be seen by critics as being tailored to help the Government overcome a bunching of repayments on foreign bond issues in those two years. Bankers said they were resigned to criticism and that they extracted more than the South Africans were initially ready to offer. Critics say deal will help Pretoria over a crunch, Page 4.

THE South African Reserve Bank had been planning a pre-emptive strike on the foreign debt front for months. On Wednesday night it announced success: creditors had agreed to reschedule repayments of some $8bn of South Africa's foreign debt. The terms will be tough, but certainly not impossible to meet.

Despite the best efforts of the anti-apartheid movement to pressure creditor banks either to refuse a rescheduling altogether, or to insist on harsher terms, the new agreement in effect means an extension of the rescheduling deal now in force.

But South African officials were at pains to stress yesterday that although a crisis had been averted, pressure on the country's balance of payments remained severe. "We will meet our new commitments as we did the previous ones – with difficulty," says Mr Chris Stals, governor of the South African Reserve Bank, the central bank.

"It is a deal South Africa can live with," says Mr Howard Preece, an economist with Standard Bank. "But it still imposes a quite severe constraint on the economy."

The announcement of the debt rescheduling drew strong condemnation from the African National Congress (ANC), and an appeal to the Commonwealth to intensify economic sanctions against Pretoria.

In a statement issued from its headquarters in the Zambian capital of Lusaka, the ANC said the timing of the rescheduling announcement was a deliberate attempt to influence Commonwealth countries meeting in Kuala Lumpur against taking a firmer stand on international sanctions.

Despite the rescheduling, South Africa's shortage of capital remains a serious brake on growth in a country whose African population is growing by 3 per cent a year.

Without any new capital, South Africa could perhaps manage 3 to 4 per cent growth. But while it is exporting capital at its current rate – R15bn ($5.7bn) worth of foreign debt has been repaid since the debt standstill in 1985, and R10bn ($3.8bn) more has left the country through other channels – the upper limit on growth is probably closer to 2 per cent.

Wednesday's deal will not change that. Repayments of debt maturing both within the so-called standstill 'net' imposed in 1985, as well as outside it, would total just under $2bn next year. And South Africa will face further repayments of debt inside and outside the net of around $1.5bn in 1991.

Economists believe South Africa would be able to meet the new repayment schedule.

But Nedbank economist Ted Osborn added the following proviso: that the gold price did not fall dramatically, that exports could be maintained, that a substantial portion of debt maturing outside the net could be rolled over, and that pressure was kept on imports.

Mr Osborn welcomed signs this week that imports were finally beginning to ease, leading to a widening of the trade surplus in September.

Economists agree that South Africa faces a tough time ahead. Mr Barend du Plessis, the Finance Minister, yesterday stressed the importance of maintaining strict monetary and fiscal policies in an attempt to maximise growth, despite the constraint of debt repayments.

Yet employment, especially among blacks, will inevitably suffer from the effect of high South African interest rates – the bank rate was raised from 17 to 18 per cent last week.

Low growth could exacerbate township unrest, as it did in the mid-1980s. And at the current delicate stage in the political process in South Africa, peace in the townships is of the essence.

Argentina and UK to re-establish consular relations

By Robert Graham in Madrid

ARGENTINA AND Britain yesterday took the first formal diplomatic steps to heal the scars caused by the 1982 Falklands conflict by agreeing to re-establish consular relations.

The agreement followed three days of negotiations in Madrid between senior diplomats of the two countries under the aegis of the Spanish Government.

Sir Crispin Tickell, British Ambassador at the UN and head of the UK delegation, said: "We hope that this is the first step towards the re-establishment of full diplomatic relations."

The two countries agreed in a six-page communique to meet again on February 14, 1990, in Madrid. Sir Crispin and Mr Lucio Garcia del Solar – head of the Argentine delegation and President Carlos Menem's roving ambassador – hinted that the meeting could be the occasion for fully normalising diplomatic relations.

Underlining the good working relationship established between the two countries since mid-August, yesterday's agreement covered all the most contentious issues between the two, except sovereignty to the Falklands. Argentina had agreed before the talks that its claim to the islands would be put to one side.

In Buenos Aires, Mr Domingo Cavallo, the Foreign Minister, pronounced that peace had broken out between the two countries, although people generally showed little interest in the talks.

In Madrid, Britain and Argentina affirmed their commitment to settle differences peacefully and Argentina accepted that its state of hostilities with Britain was no longer in force.

As a confidence-building measure it was agreed to set up a joint working group to study ways of avoiding military incidents and to inform each other of military activities – but Britain will maintain, for the time being, its 150-mile protection zone.

Britain however made an important concession over the zone. The part facing southern Argentina – where for legal reasons the Falkland Islands fishing conservation area of 150 miles had not been fully extended – will be open to Argentine fishing vessels. At the same time, Argentine merchant shipping will no longer require entry permission.

On fishing, the two sides agreed to set up a working group, which will meet shortly to discuss conservation and other matters.

A British delegation will visit Argentina on November 27 to discuss trade opportunities, and the Export Credits Guarantee Department will make available short-term cover for British exports.

Britain will also remove its objections to Argentina signing a co-operation agreement with the European Community.

THE LEX COLUMN

Thin fare at the Mansion House

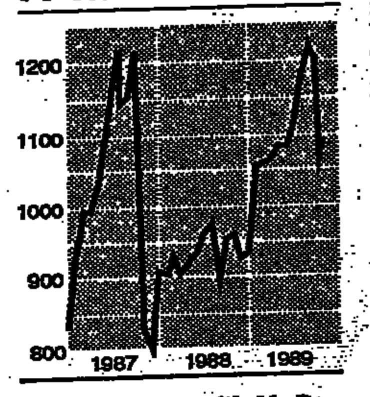
Anyone in the markets who still expected policy initiatives from the Chancellor last night will have been sadly disappointed. This was Mr Lawson at his most obdurate. The UK will become a full member of the EMS, but there is no saying when. The exchange rate will still be supported, but there is no saying at what level. Interest rates will stay high, credit controls are not on and the trade deficit will come down as soon as the public stops spending and starts saving again.

Even the rumoured changes in funding policy failed to materialise. Although not all the current bout of intervention is to be sterilised within the financial year, there will be no return to overfunding. The only really useful bit of news in the Chancellor's speech was the suggestion that the authorities are at last waking up to the problem of worsening liquidity in the gilt market and trying to do something about it.

Yesterday's economic data were not of much more help than the Chancellor. The growth in M0 – an annualised 8.7 per cent over the last six months – and the sharper-than-expected fall in unemployment suggest continued resilience in the economy; perhaps there were grounds for 15 per cent base rates even without the nudge from the Bundesbank. The other figures were more ambiguous. The average earnings numbers appeared to be encouraging. But some of the most recent wage rises have yet to work through and, in any case, the statistics have been rebased.

On bank lending, the optimist would say that companies are borrowing more in order to invest: the pessimist that we are seeing the first signs of distress borrowing. The misbehaviour of M4 back in 1980-1 – which the Chancellor referred to last night – was due partly to a squeeze on companies caused by high costs and a rising exchange rate. The figures do not justify an immediate fall in interest rates, especially given the shakiness of the pound; but neither are they grounds in themselves for another rise.

FT-A All-Share Index



Sun Life

You need not be a flag-waving jingoist to find something unappealing in the idea of a nationalised French insurer and a South African magnate striking private deals over Sun Life Assurance. It is hard, none the less, to see realistic alternatives to the agreement Sun Life's 23 per cent shareholder UAP has struck with Mr Donald Gordon, whose TransAtlantic group controls 29.8 per cent.

One should be cynical about the claim that they were motivated by a desire to dispel bid speculation and soothe the frayed nerves of Sun Life's employees. The nub of the agreement is that Mr Gordon will not make a bid without UAP's prior consent and it is easy to see why this appeals to UAP. European insurers, especially state-owned ones, are hardly old hands in contested takeovers.

Mr Gordon, on the other hand, can require UAP to buy his shares, at a price fair to both sides. It is easy to see why this appeals to him: 1992 and all that means that UAP's idea of a fair price for Sun Life will most likely be higher than his. And since the arrangement closely resembles a deal Mr Gordon struck in February 1985 over South African Breweries, one assumes he expects to benefit handsomely.

The stock market, which bid Sun Life's shares up 60p to £11.58p last night, thinks Mr Gordon will sell out to UAP sooner or later; triggering a full bid; this is probably right but the timing will depend on when he needs £300m, say, for his UK property empire, or to punt in another insurer.

UK institutions

In the welter of yesterday's economic statistics, it was easy to overlook the second-quarter UK institutional cash flow figures. But they are more interesting than usual. Not before time, the data have been simplified, making it easier to draw sensible conclusions about the overall investment behaviour of long-term investors. But perhaps more important, any lonely bulls left out there could find useful fodder by carefully grazing through the figures.

The general message is much as before. Institutional inflows continue to rise, but the proportion going into UK equities is steadily falling. Some £2bn went into UK equities in the second quarter, while £3bn went into equities overseas. A year ago, £3bn was earmarked for UK equities and only £245m for overseas shares. The £2.7bn reduction in gilt holdings was the highest in more than 18 months. Although the £485m invested in foreign government bonds was the highest for a very long time, the cash flow from the reduction in the institutions' gilt holdings is clearly not being absorbed either by UK corporate debt or foreign bonds.

The other moderately bullish point is that the institutions are now net disinvestors from property. Although there are good reasons why they are placing an increasing part of their cash flow overseas, the latest figures help support the case that while the UK institutions may not be keen to buy the UK market, they are reluctant to sell down their positions while there is a limit to where they can put their money.

Hays

Hays is rather unfortunate in falling into the Mrs Fields class of flopped offers-for-sale. It is a solid company, with some interesting commercial businesses and a good profits record. But as yesterday's announcements of poor rights take-ups by Wace and Acsis illustrated, this is not a time when investors are willing to commit much new money to the equity market. Only Polly Peck went against the trend, with a take-up of 97 per cent. But that, given Mr Nadir's reborn reputation, may be part of the flight to quality.

However, Hays will not suffer unduly. No doubt some institutions have opted to wait to buy in the aftermarket, where a holding can be picked up at a discount to the offer price. But if the market sustains anything like its recent volatility, investors in MBOs understandably will feel that a trade sale is a more attractive way of realising their holdings than trusting to the vicissitudes of the City. And any companies wanting to reduce gearing via a rights issue might be obliged to wait a while or issue at a deep discount; it cannot be easy to find underwriters at the moment. The water issues now look all the more certain to be priced as a loss leader for electricity.

US prices rise by only 0.2%

By Anthony Harris in Washington

US CONSUMER prices rose only 0.2 per cent in September, half the expected increase, it was announced yesterday.

The news was welcomed by the White House and in the markets. Bond prices extended their recent increases by a further ½ point. Mr Michael Boskin, the Chairman of the Council of Economic Advisers, described the figures as "good news," and said they validated Administration forecasts, which had earlier been greeted as unrealistic.

He said prices had risen only 0.4 per cent over the past three months, and that the underlying rise in the past half year – 3.5 per cent excluding the volatile food and energy components – was the lowest for three years.

Except during the energy price collapse of 1986, the total index had been rising at an annual rate of between 3.6 and 4.3 per cent since 1984, he said.

The detailed figures from the Department of Labor show the main price increases in September were in clothing, up 1.7 per cent, where the introduction of autumn lines enabled the industry to claw back some of the 4.4 per cent price falls of the previous three months, and in medical expenses.

Medical treatment costs, which are causing a crisis in public and private medical insurance, have risen 8 per cent in the past year, and seem to have accelerated recently.

Food prices rose 0.2 per cent, maintaining the much slower rate of increase that started in June. There was a pause in the rapid rise in personal and educational service costs, and transport costs fell again.

The slower pace of consumer price inflation allowed some recovery in real earnings in September. They are officially estimated to have risen by 0.3 per cent in three months, but are still down by 0.8 per cent from September 1988. Real earnings have been down year on year in each of the past 12 months.

Krenz warns opposition

Continued from Page 1

● When Soviet President Mikhail Gorbachev was in Berlin two weeks ago, he gave Mr Honecker a lecture in adapting to change – in science and technology.

That was the version of the encounter given yesterday by Mr Gennady Gerasimov, the Soviet government spokesman who sat in on the talks.

His scarcely veiled message concentrated on the need to keep up with changes in society – and to catch up when one falls behind.

Mr Gerasimov diplomatically dodged repeated questions about whether Mr Honecker's decision to resign on Wednesday was a surprise or not – but he left little doubt about the tenor of Mr Gorbachev's homily in Berlin.

"The idea was very simple: one has to catch up with new developments. That was the tone of the conversation."

Mr Gorbachev's meeting – which took place with the full East German Politburo, not just Mr Honecker alone – coincided with the 40th anniversary celebrations of the Communist Party regime there.

The Soviet spokesman still insisted that it was up to the East Germans to choose how they adapted to changes in society. "In the GDR we have changes going on," he said. "Continuity and innovation is the slogan of the GDR. It is a very good slogan."

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		–	–	Dubrovnik	S	20	68	Malta	S	22	72	Rhodes	S	21	70
Algiers	S	26	79	Edinburgh	F	14	57	Manchester	C	14	57	Rio de J'o		–	–
Amsterdam	S	17	63	Faro	S	21	70	Manila	R	31	88	Rome	F	21	70
Athens	F	21	70	Florence	S	19	66	Melbourne	F	19	66	Salzburg	S	19	66
Bahrain	S	30	86	Frankfurt	S	15	59	Mexico City	C	25	77	San Francisco	F	14	57
Bangkok	C	29	84	Funchal	S	23	73	Miami	S	26	79	Seoul	F	14	57
Barcelona	F	22	72	Geneva	S	16	61	Milan	S	18	64	Singapore	F	31	88
Beirut		–	–	Gibraltar	S	23	73	Montreal	Sn	1	34	Stockholm	C	11	52
Belfast	R	13	55	Glasgow	C	14	57	Moscow	C	3	37	Strasbourg	S	18	64
Belgrade	S	19	66	Guernsey	R	14	57	Munich	S	18	64	Sydney	F	21	70
Berlin	S	15	59	Helsinki	C	9	48	Nairobi		–	–	Taipei	C	24	75
Biarritz	F	19	66	H. Kong	S	26	79	Naples	S	22	72	Tangier	F	23	73
Bombay	S	33	91	Innsbruck	S	16	61	Nassau		–	–	Tel Aviv	F	23	73
Bordeaux	R	15	59	Inverness	C	12	54	New Delhi	S	32	90	Tenerife	C	26	79
Brussels	S	19	66	Islamabad	F	28	82	New York	C	9	48	Tokyo	R	12	54
Budapest	S	18	64	Istanbul	S	16	61	Nice	C	19	66	Toronto	C	2	36
B. Aires	F	22	71	Jakarta	C	34	93	Nicosia	T	22	72	Tunis	S	24	75
Cairo	F	23	73	Jersey	R	15	59	Oporto	F	18	64	Valencia	S	24	75
Cape Town	S	20	68	Jo'burg		–	–	Oslo	C	9	48	Venice	Fg	14	57
Caracas	C	28	82	Lima	F	20	68	Paris	F	17	63	Vienna	S	15	59
Casablanca	S	22	72	Lisbon	F	19	66	Peking	S	20	68	Warsaw	F	14	57
Chicago	Sn	1	34	London	F	17	63	Prague	S	12	54	Washington	Fg	17	63
Cologne	S	18	64	Los Angeles	Fg	16	61	Reykjavik	S	6	43	Zurich	S	16	61
Copenhagen	C	10	50	Luxembourg	S	14	57								
Corfu	S	22	72	Madrid	F	18	64								
Dallas		–	–	Majorca	F	24	75								
Dublin	R	15	59	Malaga	S	24	75								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UK strongly defends economic policies

Continued from Page 1

distortions into account.

Meanwhile the Employment Department reported a seasonally adjusted 50,400 drop in the number of people claiming unemployment benefits, the biggest fall in unemployment since April. The 1.69m people claiming benefits represented 6 per cent of the workforce, the lowest since 1980.

On the change in funding policy, Mr Lawson said the Bank of England would announce today details of an experimental conversion of two existing Government stocks into a larger, more liquid issue. Depending on the response to this initiative, other conversion issues could follow, paving the way for a restructuring of Britain's national debt.

He said that the Government would no longer buy government bonds to compensate for the reduction of liquidity in the economy caused by the present budget surplus. The decrease in liquidity has been seen in a rise in the issue of Treasury bills to ease problems in the money market.

The Chancellor also said the Government would be flexible in the way it buys gilts to "sterilise" foreign exchange market intervention to support the pound.

Mr Lawson said it would be a mistake to pay undue attention to bank lending figures, which flew in the face of evidence that the Government's counter-inflation policy was biting and that money demand is slowing. The economic slowdown was underway but "clearly has further to go before the economy resumes it long-run upward trend."

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JOBS

Chance to go for gold in Rio ● Pay levels

By Michael Dixon

NOW here's a turn-up for the record book.

Over the past 16½ years this column has lent a hand in searches for a great many different sorts of workers. But never before has it been asked to help in finding a top explorer, albeit of the geological rather than the geographical variety.

To add sauce to the novelty: the job, in Rio de Janeiro, is offered through a headhunter in Scotland. He is Graham Walker of the Anthony Nevile International consultancy who, since he may not name his client, promises to abide by any applicant's request not to be identified to the employer at this stage. The same applies to the other recruiter to be mentioned later.

Mr Walker says his quarry will join a firmly established Brazilian group formed by joint-venture in the mid-1970s to pinpoint opportunities for big investment in mining.

"The principal targets are precious and selected base metals, and the company in a rapid phase of growth has already brought two gold mines into production."

He adds that the incoming director of exploration will need to be highly skilled not only in the technicalities of that craft, but also in management. For the recruit, while reporting to the group managing director, will act as chief executive of a self-standing company and be accountable for its strategic, commercial, financial, legal and administrative affairs as well as for its technical peformance.

So candidates should be qualified geologists who have been fully responsible for running a commercially successful venture in precious metals exploration, preferably in Latin America. Those not already fluent in Portuguese and Spanish must be able and willing to learn at least Portuguese.

No pay figure quoted, but my estimate is upwards of US$80,000 plus car and expatriate perks including free housing and help with children's school-fees.

Inquiries to Graham Walker at 69 Midton Rd, Ayr, Scotland KA7 2TW; tel 0292 287969, fax 0292 611088.

Financial chief

FROM Brazil to Germany, where a group financial controller is needed for the operations of a food-industry multinational headquartered in the United States. The job is offered through recruiter Christopher Beale who says it carries responsibility for directing and controlling the financial activities of four profit centres generating sales of over US$200m, and involves much travel from the base near Frankfurt.

Besides being qualified accountants and fully fluent in German, applicants should already have managed the financial aspects of large-scale commercial activities spanning several countries.

Salary about DM150,000 with results-related bonus and car among other benefits.

Inquiries to Christopher Beale and Associates, 10 Carteret St, London SW1H 9DP; tel 01-976 7701, fax 01-976 7265.

Going-rates

LASTLY today to the table alongside which gives the latest indicators of managers' pay in Britain as revealed by the Reward consultancy's twice yearly surveys, now covering executives working for more than 1,000 assorted organisations.

Whereas the survey gives data on six managerial levels my table is limited to one. It is executives immediately below board-level except in small companies where they may be directors while doing similar work. Anyone who wants to know more should contact Bill Couldrey of Reward at Diamond Way, Stone, Staffordshire ST15 0SD; tel 0785 813566, fax 0785 817007.

The table starts with the basic salary and total money rewards — including bonuses but not the value of in-kind perks such as cars — of the lower-quartile executive who would be a quarter way up from the foot of a ranking of all doing similar work at the same level. Next we have the equivalent figures, from both the new survey and the one 12 months earlier for the median executive mid-way in the ranking. Then come the new findings for the upper-quartile manager a quarter way down from the top.

To allow for passage of time since the study was made, all figures should be increased by 3 per cent.

Regional differences from the £24,000 overall median basic salary were: higher — London by 15.2 per cent, Scotland by 3.1, South-east England by 1.8; lower - Eastern Counties by 5.2 per cent, North-east by 7, South-west by 8.3, West Midlands by 11.1, North-west by 11.5.

Variances from the £24,000 by company turnover were: higher — £100m-plus by 15.8 per cent, and £40m-£100m by 7.7; lower — £15m-£40m by 2.6 per cent, £5m-£15m by 8.2, and up to £5m by 14.6.

	LOWER QUARTILE		MEDIAN				UPPER QUARTILE	
Rank One = *Most senior executive below rank of director in:*	Basic salary £	Total money reward £	Basic salary £	Total money reward £	(Basic year earlier) £	(Total year earlier) £	Basic salary £	Total money reward £
Legal advice	25,173	25,818	30,750	30,750	(26,967)	(27,000)	38,000	38,000
General management	22,900	24,000	27,313	29,122	(25,347)	(27,250)	33,404	36,762
Advertising & PR	21,250	21,250	27,300	28,000	(25,000)	(25,855)	31,200	32,136
Company secretariat	22,500	22,850	26,339	27,805	(24,000)	(25,000)	33,195	34,730
Finance & accounting	21,913	22,482	25,000	26,000	(23,360)	(24,500)	30,066	30,905
Marketing	22,475	22,727	25,000	25,990	(22,844)	(23,250)	30,000	31,313
Sales	20,500	21,455	24,055	25,000	(21,065)	(22,500)	27,516	29,975
Surveying/architecture	21,150	21,200	23,745	24,988	(19,472)	(19,950)	27,365	28,750
Data processing	20,000	20,537	24,100	24,663	(22,077)	(23,022)	28,651	29,883
Personnel	21,038	21,684	24,150	24,532	(21,500)	(22,500)	28,763	30,268
Distribution	19,927	20,000	23,980	24,385	(21,000)	(21,000)	27,862	28,745
Scientific department	21,930	21,930	23,375	24,000	(22,995)	(23,310)	27,789	29,538
Research & development	19,446	20,000	22,996	23,605	(21,332)	(21,750)	26,500	26,795
Administration	20,185	20,937	23,161	23,471	(21,398)	(22,451)	26,468	28,406
Planning & scheduling	20,100	20,800	23,400	23,400	(—)	(—)	28,632	28,632
Engineering	19,080	19,733	22,575	22,935	(20,000)	(20,309)	26,013	26,763
Purchasing	19,474	19,753	22,100	22,913	(20,060)	(20,266)	27,125	27,625
Quality assurance	19,000	19,630	21,530	22,306	(19,120)	(19,570)	24,000	25,000
Management services	17,550	17,550	21,786	22,150	(22,156)	(22,438)	28,218	28,870
Production	18,662	19,380	22,000	22,091	(19,040)	(19,853)	25,725	26,180
All Rank-One managers	20,192	—	24,000	—	(21,614)	(—)	28,345	—

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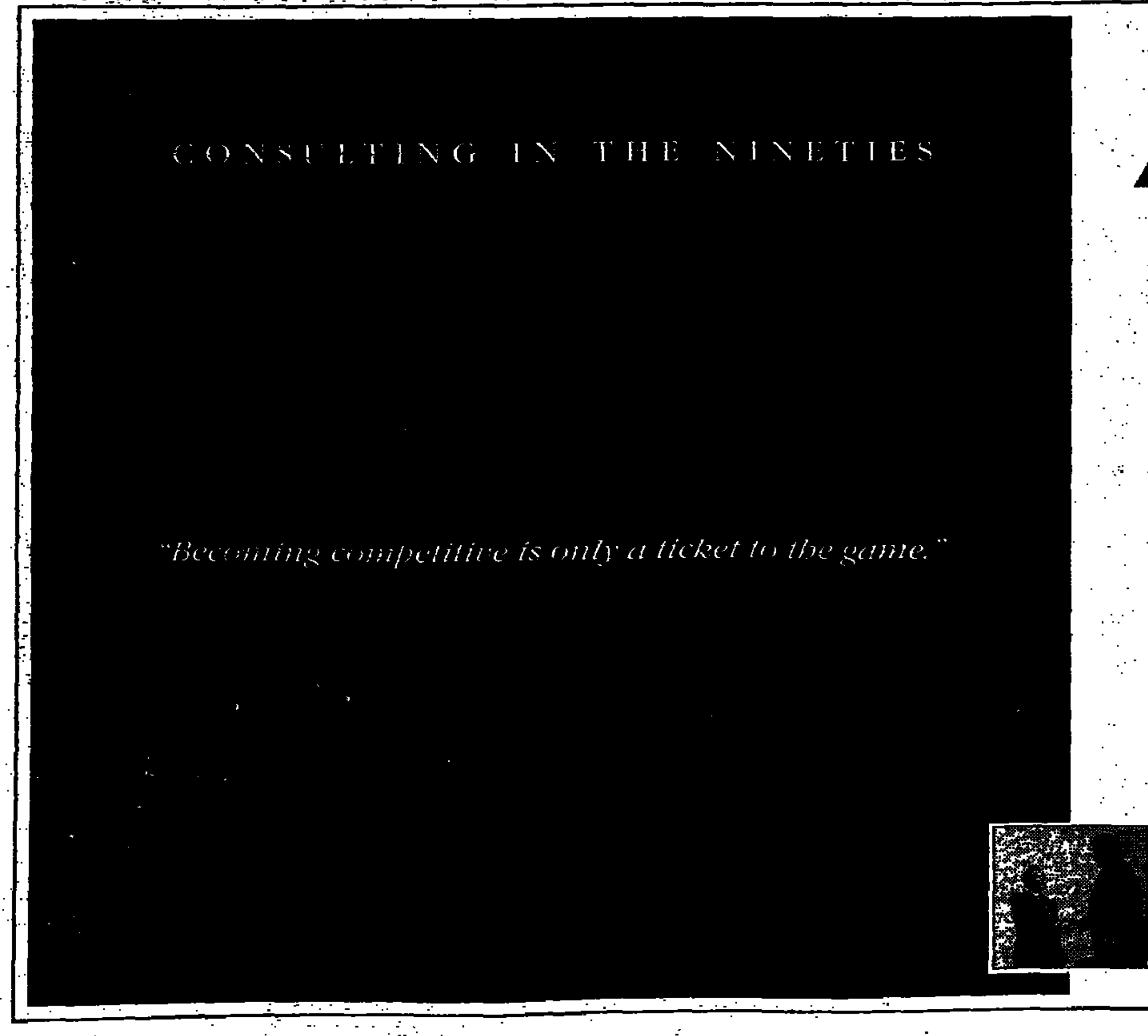

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Written applications only, with appropriate CVs, under private & confidential cover, to be addressed to:

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ACCOUNTANCY COLUMN

EC conference will concentrate the minds

By David Waller

THE EUROPEAN Commission has summoned a conference to discuss the harmonisation of accounting standards across Europe. The meeting – scheduled for next January – has concentrated the minds of the profession wonderfully on what harmonisation has been achieved so far and the best way of making progress in the future.

A research document published this week by the Fédération des Experts Comptables Européens (FEE) – *the* body representing Europe's professional bodies which is today winding up its first annual conference in Brussels – *looks at the record to date,* examining the accounting and reporting practices of 191 companies in nine member states for the year to the end of 1987.

The research, compiled at the request of the Commission itself, looks at the extent to which companies have complied with the EC's Fourth Directive covering basic accounting, which was adopted in 1978 after a gestation 15 years.

Although certain states, most notably Italy, have yet to embrace the directive in their national law, the research shows *that there has been a* basic degree of harmonisation.

Thus, for example, it was found that 188 out of 191 companies had adopted the directive's prescribed format for the balance sheet and profit-and-loss account. Virtually all the companies showed their stocks and debtors on their balance sheet. All but ten companies showed the average number of people employed during the year, *and of* the 118 *companies* engaged in more than one line of business, 93 per cent gave a segmental breakdown of turnover as required by Article 43.1(8) of the directive.

However gratifying it may be to a fund manager to find that French, British and Belgian companies all have the same captions on their balance sheets and all declare how many people they employed in 1987 or how big their debtors and stocks were, that is hardly enough on which to *base a sensible investment decision.* The research shows that the more important the information, the more likely there are to be divergences between companies in different member states.

There are myriad different ways of accounting for pension and tax liabilites, of valuing stocks, dealing with currency fluctuations or intangible assets. In the case of the intangibles,

Goodwill

only 86 out of the companies show them at all and of those only 32 giveany indication that they are important. When it comes to the vexed issue of goodwill, there is no common ground, *although the UK is* clearly out of line in allowing its companies to write the stuff off against capital and reserves rather than amortising it against the P&L.

What that boils down to is that there is no real harmony of accounting standards in the EC. Indeed, as Mr George Barthes, chairman of the International Accounting Standards Committee (IASC), never tires of saying, *all the divergences and variations* that are to be found in accounting worldwide are to be found within the confines of Europe alone. The day when the investor will be able to look at the accounts of two companies in the same market and make sensible comparisons is still a long way off.

The FEE report does not look at the extent to which *companies actually* changed their accounting policies to meet the directive's requirements. They probably did – and will proba*bly do so again* as and when the Eighth Directive on consolidated accounts is incorporated into member states' laws. But the report does not *make the obvious point:* that a directive is not the best mechanism for inducing accounting harmony.

It takes too long for anything to happen, for a start, as the case of Italy well illustrates. And, if the Fourth is anything to go by, a directive will shy away from prescribing a policy that would iron out ambiguities and discrepancies in a complex or controversial area. It allows too much liberty and *too* many derogations *to member* states. Disharmony prospers. That fact has been spotted by EC bureaucrats and, lo and behold, a conference *is scheduled for* January.

Suddenly, those accountants who follow such arcane developments are worried that the conference will result in the Commission giving itself some accounting teeth.

Hitherto, they have been rather glad that the directives did not work, for it meant that one did not have to face up to the formidable cultural differences underlying what on the face *of it may seem to be no more than technical-rule differences.*

Now there is at least the prospect of a battle between Anglo-Saxon-style, flexible accounting rules and the *dirigiste,* Teutonic sort. Being a bureaucracy inclined to deal only with Governmental bodies, the Commission will naturally tend towards the pre*scriptive approach, it is feared. What* might emerge from the meeting is – horror of horrors – a third tier of accounting standards to complement national and international rules.

In principle, that would exasperate businessmen who are already fed upwith the antics of the accountancy profession – over mega-mergers as much as standards.

In practice, it could mortify Anglo-Saxon businessmen if they suddenly found themselves having to comply with rigorous laws on all areas of accounting instead of just

Contretemps

following standards. Conversely, Ger*man businessmen might become apo*plectic with rage if the Commission is tarnished with the IASC brush and makes them follow standards and not obey laws.

It is in that context that the contretemps between the Big Eight (soon-to-be six) international accountancy firms and the professional chartered Institutes of England and Wales, Scotland and Ireland must be seen. The institutes last month circulated the big firms with the idea of setting up a European body to supervise the implementation of international stan*dards (ie IASC standards)* in EC member states. The big firms were furious.

The idea emanating from the profession seems quite sensible. The new body would be sanctioned by the EC. It would leave policing and enforcement up to the member states, it would be a Trojan Horse for Anglo-Saxon-type standards, and it would *pre-empt the empire-building of those* Brussels civil servants with an interest in accounting issues.

There is even a model for that sort of organisation – *Cenelec, the* European Committee of Electrotechnical Standardisation.

However, it was tactically inept to let the cat out of the bag at such an early stage, for such an idea would make a good bargaining position of last resort in discussions with the Commission.

What annoyed the firms was a series of pejorative references to the proposed Dearing regime, which envisages setting up a Financial Reporting Council and three ancillary bodies. The firms argue that the pro*fessional bodies should be wholeheart*edly committed to the plans for a tougher standards regime in the UK. That might then be a strong position from which to deal with Brussels.

It is difficult to fault the firms' logic on this occasion. The UK needs a strong standards base and it would be helpful if the professional bodies would square up publicly behind the Dearing proposals and encourage the Government to get a move on. It is a year since the Dearing report came out and still we have no agreement on how to pay for the new regime, and *nobody to implement it.*

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An initial service contract is envisaged which will be confirmed subject to Parliamentary approval of the legislation needed to establish *the loans* scheme. The remuneration *package* will *reflect* the importance of this position and relocation assistance will be provided if necessary.

Individuals interested in exploring this opportunity *further should write* or *telephone* Milton Ives *quoting* ref. D/0004FT at the address below. All approaches will be treated in the strictest confidence.

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The successful candidate will be aged between 28-35, a qualified accountant with appropriate experience gained either in commerce/industry or at manager level within the profession. A "hands on" management style is required, together with experience of computerised systems and the ability to contribute to the overall direction of the business.

Please reply in confidence, quoting Ref 0800 to Fiona Stopher, adviser to our client, giving concise career, salary and personal details at Ernst & Young, Compass House, 80 Newmarket Road, Cambridge CB5 8DZ.

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Deputy Treasurer

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Interested parties should contact **Nick Bennett** on 01-831 2000 or write to him at Michael Page City,
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The position calls for a qualified ACMA/ACCA/ACA aged 30-39, a team player with sound commercial awareness and proven commercial accounting experience gained preferably in both large and small company environments. Good interpersonal and communication skills are also essential.

Candidates seeking further information on this exceptional opportunity should telephone Jane Ross on 0483 740810, or write to her at Templeton Pijnacker, Helford House, Hook Heath Road, Woking, Surrey GU22 0QE. Fax 04862 70729.

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Dublin

A *major overseas bank group*, with a *substantial* on-going international business, requires a Manager of Operations for its recently established, key subsidiary operating under the Dublin International *Financial Services Centre Scheme*.

The requirement is for an energetic, experienced Banker with a minimum of 8-10 years experience in the sphere of international trade finance, specifically *in the area of Documentary* Credits/*Documentary* Finance.

The person appointed must be conversant with computer based operations and have proven management capabilities.

An attractive *remuneration package* is available.

If you would like to be considered for this appointment please contact Tom Yeaton at

Price Waterhouse
Executive Selection Consultants,
Gardner House,
Wilton Place,
Dublin 2,
Republic of Ireland.

Price Waterhouse

Finance Manager

London — Leisure

£30,000 + Car

Our client is an extremely progressive and much respected UK plc that has achieved rapid expansion and a high presence within the leisure sector by both acquisitions and organic growth. This growth has now projected the divisions to be major forces within their respective UK sectors and the largest division, t/o £130m, is recognised as the market leader within its sphere.

Due to internal promotions and constant expansion plans our client now seeks to appoint an ambitious individual to assume full financial accounting responsibilities for this £130m t/o division. The role, which reports at a senior level, is a broad one with strong emphasis on man management (30 staff) coupled with continual input to systems and computerisation improvements.

This is an excellent opportunity for a qualified accountant, aged 28-34, with good inter-personal and management skills to join a highly commercial and progressive organisation. Good presentation and enthusiasm are vital to deal with a wide diversity of personnel and disciplines. Future career prospects are excellent.

Please telephone or write enclosing full curriculum vitae quoting ref: 345 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE

Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

DIVISIONAL ACCOUNTANT

Surrey — c£27,500 + Car

This is a high profile appointment within a major group which operates nationally in the manufacture, marketing and distribution of consumer goods. It is designed to give the individual maximum opportunity for gaining an understanding of the business and for attaining early promotion.

Responsibilities cover consolidated management accounting information, budgets, forecasts and longer term plans involving a critical view of operating performance.

Applications are invited from ambitious qualified accountants aged 27-35 who can demonstrate a flair for technical matters and the ability to communicate effectively with Directors and senior members of operating subsidiaries.

This attractive vacancy offers considerable scope for continued career development in a dynamic organisation which is enjoying profitable organic and acquisitive growth.

For further information on this exceptional career opportunity please contact **Malcolm J. Hudson.**

HUDSON SHRIBMAN
VERNON HSE·SICILIAN AVE·LONDON WC1A 2QH·TEL: 01-831 2323
FINANCIAL RECRUITMENT

Taxation Manager

City — up to £45k + bonus + car

Legal & General is one of Europe's largest publicly quoted insurance-investment and financial services groups. The scale and variety of our business makes the role of Taxation Manager a responsible and challenging appointment with the broadest professional scope.

Reporting to the Group Taxation Manager, you will be expected to make a major impact on performance throughout the Group, by your management of the department's small professional team and your involvement in a wide range of projects. You will need considerable experience as a tax professional and excellent management and negotiating skills.

If you have a particular knowledge of the insurance sector – so much the better; but in any case you must be able to analyse and explain complicated tax issues in a manner which allows effective management decisions.

In return, you'll receive a highly attractive salary and performance related bonus plus a car and benefits which include profit sharing, non-contributory pension scheme and free medical insurance.

For further details, please send a detailed C.V. to
P. J. O'Sullivan, Personnel Manager (Group),
Legal & General Group plc,
Temple Court,
11 Queen Victoria Street,
London EC4N 4TP.

Legal & General

Legal & General is an equal opportunities employer

RETAIL ACCOUNTANT

North London — To £25,000 + Car

As one of the UK's largest and most successful retail and manufacturing groups, our client is committed to continuing its impressive growth record.

In a sector as competitive as retail its success stems from the continued enhancement of product ranges and effectively targeted store development.

In order to strengthen the management team, they seek a high calibre individual to report directly to and deputise for the Senior Financial Accountant. Your brief will include financial systems development, provision of financial and management information and supervision of a team of five. This highly commercial role will involve working and liaising with all areas of the business.

As a recently qualified Accountant under the age of 30, you will have strong communication skills and possess an assertive and confident personality. Future prospects within this young dynamic company will be limited only by your own personal ability.

Interested applicants should telephone Melanie Falkingham on 01-437 0464 or write to her, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Oil Tax Specialists

c £35,000 + Car

The Price Waterhouse tax consultancy practice provides a comprehensive range of services to large multinational companies in the oil industry.

We have attractive career opportunities, based in London, for tax professionals with at least two years' experience of oil related work.

You will broaden your tax awareness, by specialising predominantly in oil based clients. Detailed working knowledge of Petroleum Revenue Tax is not essential as specialist in-house training will be provided.

Your portfolio will also include a range of companies in the manufacturing, retail and financial services sectors.

Probably aged between 25 and 35, you will enjoy a competitive remuneration package with an attractive relocation plan.

Please write, with detailed CV to:
Bonne Paton,
Price Waterhouse,
Southwark Towers,
32 London Bridge Street,
London SE1 9SY.

Price Waterhouse

OFFICES IN: LONDON · ABERDEEN · BIRMINGHAM · BRISTOL · CARDIFF · EDINBURGH · GLASGOW · LEEDS · LEICESTER · LIVERPOOL · MANCHESTER · MIDDLESBROUGH · NEWCASTLE · NOTTINGHAM · REDHILL · ST. ALBANS · SOUTHAMPTON · WINDSOR · ASSOCIATED FIRMS IN IRELAND, THE CHANNEL ISLANDS AND THE ISLE OF MAN

Hoggett Bowers

Financial Controller

Fashion Products
Manchester, — ***c £30,000, Car, Benefits***

A highly profitable and dynamic company founded only two years ago, selling fashion orientated products via Direct Mail and through a chain of In-Store concessions, seeks a financial controller to develop its financial systems and prepare management accounts with a view to obtaining a USM listing in the next five years. The appointee will be responsible for the further development and installation of computerised Pegasus accounting systems, monthly management accounts and all aspects of credit control. The business is very cash rich requiring the investment of substantial funds at the best rates. Candidates, aged 25-30, should be chartered accountants who have ideally worked in the retail or service sector and have the ability to 'get behind the figures' and have the entrepreneurial skills to recognise opportunities. Must be able to work as part of a small highly motivated team and communicate and relate at all levels. Equity participation is a distinct possibility.

R.A. Flude, **Hoggett Bowers plc,** *St. James's Court, 30 Brown Street,*
MANCHESTER, *M2 2JF,* **061-832 3500, Fax: 061-834 8577.** *Ref: M15084/FT.*

Management Accountant

Major Group Career Prospects
Manufacturing
South Coast, — ***c £23,000, Car***

Belonging to a substantial and acquisitive multinational this profitable engineering company supplies a wide range of UK and European clients with an extensive product portfolio. State of the art plant and machinery is supported by sophisticated computer based administration, and the company is poised to benefit from a major capital expenditure programme. *Reporting to the* financial director, responsibility is for the provision of management accounting information, systems development to support business growth, and the supervision of a small team. This interesting opportunity will appeal to ACMA qualified candidates in the 28-40 age range, preferably from a manufacturing or engineering background, who are looking for a progressive career move, with longer term promotion prospects at both company and group level. Relocation assistance is available to a pleasant area on the South Coast.

A.J. L. Satterly, **Hoggett Bowers plc,** *George V Place, 4 Thames Avenue,*
WINDSOR, *SL4 1QP,* **0753-850851, Fax: 0753-853339.** *Ref: W12080/FT.*

These positions are open to male or female candidates. Please send c.v. or telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR
A Member of Blue Arrow plc

Financial Controller

Major British Group

South of England — to £28,000 + car

Our Client, a rapidly expanding subsidiary of a highly successful British PLC engaged in the leisure industry, is now seeking to recruit a high calibre Financial Controller.

Based at the Group's modern headquarters near to the southern part of the M25 and reporting to the Finance Director, the Financial Controller will be involved in the accounting and financial control of the company and its operating locations.

You will be a key member of a small high calibre team responsible for the timely production of all financial and management accounts, budgeting systems development as well as the establishment of close working relationships with colleagues at operating locations.

You must be a qualified Accountant, probably Chartered or Certified, ideally with a degree and aged between 23-28 with a minimum of one years' post qualification experience preferably gained in a commercial environment. Good computer skills and an ability to take a 'hands-on' approach are further requirements for this position. In addition you must be highly motivated with strong leadership and intellectual qualities and be able to demonstrate first-class technical and interpersonal skills.

The attractive remuneration package which includes bonus and company car, reflects the importance of this position and there are considerable long term career prospects within the Group.

If you are interested please telephone Graham Marlow on 0532 451212 or send your CV, in confidence, quoting reference number 671, to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Fax number 0532 420802.

ADAMSON & PARTNERS LTD.

Executive Search and Selection

Group Financial Controller

WELWYN GARDEN CITY, c£35,000 + CAR + BENEFITS

As a progressive, expanding, acquisition minded industrial investment group, this £100 million turnover business currently has 7 operating subsidiaries throughout the UK.

The new position of Group Financial Controller is being established due to the need to enhance the quality and scope of the financial information available to general management; to improve control over budgeting, forecasting and long term planning procedures; and to ensure that adequate expertise is available to address ad-hoc projects such as acquisition reviews and capital expenditure proposals.

A young qualified accountant is sought who is ambitious, a self starter and someone who is keen to become involved in all aspects of the business using his/her initiative. You must be a good communicator and be able to demonstrate the ability to take on increasing responsibilities.

Résumés please, with an indication of salary progression and a daytime telephone number to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham, B2 5JT, quoting reference JE172.

Executive Resourcing — Coopers & Lybrand

Group Strategic Planning Manager

London

£40,000 + Bonus + Car

Our client is a dynamic and highly marketing driven major UK plc. The company has established an impressive growth record that has been developed through its original core business as well as by acquisition, thereby taking the level of turnover to c£750m.

As a result of this growth a Group Strategic Planning Manager is now sought who will report directly to the Group Finance Director. The role will encompass all matters of corporate development, strategy and planning including acquisitions/divestments, budgeting, monitoring the progress of on-going matters within the Group and constant liaison with Divisional Managing Directors. The function will be high profile in working closely with the Group Finance Director, Chairman and small professional head office team.

Candidates should be either qualified accountants or MBA's, age indicator c30, who must make a positive contribution to the direction of the Group. The ability to work on a broad front within a hands-on and operational environment is vital as is a professional and enthusiastic manner. This is an excellent opportunity that offers total involvement with the future of the Group as well as excellent career development.

Please telephone or write enclosing full curriculum vitae quoting ref: 346 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

THor Holdings plc

Group Accountant

Basingstoke

to £30,000 + Benefits

Our Client is a £15m commercial and residential property development and construction group. Its reputation for quality and innovation has made it one of the most successful independent Groups in the South.

Its continuous expansion in the South has created an exciting opportunity for a Group Accountant to join a small, high calibre finance team. Reporting directly to the Strategic Director. Key responsibilities in this challenging position will include:

* preparation of management and annual accounts including Group consolidation
* preparation of monthly profit statements and cashflow forecasts
* development of the project reporting system
* management and leadership of the Accounts Department

Applicants, aged between 28 and 45, should be qualified accountants, computer literate with preferably some prior experience in the construction industry.

If you think you have the enthusiasm, ability and leadership skills to participate in the growth of this successful Group please send a detailed Curriculum Vitae to:

Christopher Applegate, Spicers Executive Selection, Carlton House, Carlton Place, Southampton, Hampshire SO1 2DZ.
Telephone: (0703) 334124.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

Leasing Manager

Paris Based

Attractive Financial Package

Our client, a leader in the international automobile industry, is developing its European financing division working for eight subsidiaries based in London, Madrid, Milan, Lisbon, Frankfurt, Berne, Brussels and Rotterdam. Their total loan portfolio is $3 billion.

The successful candidate will be in charge of the development of the leasing activities for all Europe except France. Your key responsibilities will be to define the marketing policy, the necessary resources to ensure the implementation and smooth functioning of such activities.

Aged 30 to 40, you will be educated to degree level (business school or equivalent) and will justify a proven track-record of at least five years' in leasing activities.

A sound understanding of the automobile industry is necessary together with a good working knowledge of French. Another European language will be an advantage.

Please contact Emmanuelle Capitaine on (010 33 1) 42 89 30 03 or write to her enclosing a comprehensive curriculum vitae and quoting ref. number ED 444 FT at Michael Page Banking France 10, rue Jean Goujon, 75008 Paris, FRANCE.

Michael Page International
International Recruitment Consultants
London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney Melbourne

Be Part of a Real Growth Company

HEAD OF FINANCE

Central London

package £35-40,000 pa + car etc

Our client is a joint venture between well-known market leaders in this sector of the hi-tech communications industry. In this particular area the UK has been leading the field and our client has launched a new service which will lead the market into the 1990s and beyond. You will undoubtedly be aware of this service through the recent, highly successful, national advertising campaign. The company is now recruiting a Head of Finance who, leading a small team of 5, will be responsible for the management and further development of the following:

- A strong financial input into the many contract negotiations, requiring broad commercial awareness, as other key functions will look to Finance for both guidance and support
- Control of all books of accounts and production of all management and external financial reports
- All aspects of planning from weekly review to 5-year strategic plans
- Balance sheet management of assets, with particular emphasis on Cash Management and the rapidly growing Fixed Assets.

Additionally you must also be able to communicate in a business context to all levels, integrating into the Company's Senior Management team, and proactively contributing to the rapid planned growth. You will be a Qualified Accountant with ideally a large company background, but an ability to identify with this young company and team. Strong business, people and systems skills are all essential.

If you feel you can grow as rapidly as this company, then telephone Karen Wilson on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

FMS
Search and Selection Specialists for Financial Management

Group Financial Director

...with an emphasis on acquisitions

c£35,000 Cheltenham

The company is an entrepreneurial success story with an impressive profit record over the past 4/5 years. These strong foundations, coupled with the confidence of institutions' financial support, will enable the organisation to grow substantially over the next few years - mainly through acquisition.

It is a strategically appropriate time, therefore, to appoint a Group Finance Director who will report directly to the Group Chief Executive. The key tasks will include control and development of management information via the existing finance function; advising on the financial implications of policy planning; taxation advice and acquisition appraisal.

The ideal candidate will be a graduate Chartered Accountant with several years post private practice manufacturing experience. Experience of acquisition and capital expenditure appraisal and the ability and presence to negotiate with financial institutions is essential. Most important is the energy, commitment and flair to make a real contribution to corporate growth.

Please write with full details, quoting ref: 17564 to David Dodd, MSL International, 4th Floor, Broad Quay House, Broad Quay, Bristol BS1 4DJ. Tel: 0272 276617.

MSL International

Entrepreneurial Accountants

Commercial Manager

East Midlands

To £35K + car + benefits

Our client is a rapidly expanding organisation with a turnover of approximately £100m and is currently diversifying into a number of related service areas via acquisition and organic growth. They are now seeking to appoint an entrepreneurial Commercial Manager.

Reporting to the Group Managing Director, the appointee will play a leading part in future activities, with specific responsibility for:

* Targeting and negotiating of acquisitions
* Troubleshooting
* Financial analysis and project appraisal
* General management

The successful candidate, ideally aged 28-35, will be a qualified accountant with experience of fast moving commercial environments and of non-routine activities. The ability to analyse complex financial problems and effectively communicate a sensible business solution is crucial as is the ability to command respect at all levels and adopt a flexible approach.

Career prospects are excellent and will be dependant on achievement. The remuneration package is negotiable according to age and experience and is supported by a range of benefits including profit share scheme. Relocation assistance will be provided as necessary.

Interested applicants should send, in complete confidence, a detailed Curriculum Vitae including *current salary and* daytime telephone number to Phillip Price ACA, quoting reference LM502 at Spicers Executive Selection, Leda House, Station Road, Cambridge, CB1 2RN. Tel: (0223) 460222.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

GROUP FINANCIAL CONTROLLER

Speciality Chemicals East London — **To £25,000 + car etc**

The Dane Group is a fast growing privately owned group of 12 companies with turnover in excess of £25m.

We have identified the need for a group financial controller to enable the current rapid rate of growth to be maintained both organically and by acquisition. We are seeking a qualified chartered, certified or management accountant to take responsibility for the entire accounts function including:

- financial and management reporting
- statutory accounts
- taxation
- cash flow and currency exposure management

and to work closely with the Finance Director in:

- systems development
- financing and integration of new acquisitions

The successful applicant will be self-motivated and persuasive with good interpersonal skills. Experience in industry and with spreadsheets would be a distinct advantage but ambitious newly-qualified accountants will certainly be considered.

To apply, please write enclosing a full C.V. and salary history to:

Peter Hill F.C.A.
Dane and Company Limited
1-2 Sugar House Lane
Stratford
London E15 2QN

Appointments Advertising

For further information

call 01-873 3000

Deirdre McCarthy
ext 4177

Elizabeth Arthur
ext 3694

Nicholas Baker
ext 3351

MAXWELL COMMUNICATIONS

FINANCIAL CONTROLLER

London

c£32,000 + benefits

International Learning Systems (Japan) and Caxton & English Educational *Programmes International* are two highly successful companies within Maxwell Communication Corporation. ILS has the exclusive right to sell BBC learning products within Japan while CEEPI sells language learning courses *and encyclopaedias as well as general* reference books within the UK, Portugal, Saudi Arabia and the UAE.

The companies require an able Financial Controller to be responsible to the respective Managing Directors for reporting and control, budgeting and forecasting, cash management and the updating of the present manual systems to a computerised basis. There will also be a strong involvement in commercial *decision-making as a key member of the* management team.

Candidates will be mature qualified accountants aged 30-40 with good technical, motivational and commercial skills, will have a high degree of computer literacy and enjoy an informal and shirt-sleeved environment.

Please telephone **D. E. Shribman** for further details or write to him at the address below.

HUDSON SHRIBMAN
VERNON HSE·SICILIAN AVE·LONDON WC1A 2QH·TEL: 01-831 2323
FINANCIAL RECRUITMENT

BMI KIDSONS

KIDSONS CORPORATE FINANCE LTD

BMI Kidsons is a group of companies specialising in corporate finance, financial management for companies and individuals, commercial loan services and product design to the professional market and institutions.

Due to continuing expansion we are seeking to fill two positions within our corporate finance department:

CAPITAL FUNDING, MERGERS & ACQUISITIONS: £ Negotiable

Playing a major role in expanding the department and this senior position could lead to a Board appointment. Experience in leading MBO's, mergers and acquisitions, and the ability to develop deal flow from a nationwide client bank is required.

CORPORATE FINANCE: Salary £25,000 - £35,000 + benefits
Qualified ACA/ACCA/MBA (Age 27 - 37)

Responsible for dealing directly with growing businesses who require the services of a part-time financial director or financial and strategic advice from an independent source. Post qualification experience will mean commercially aware, dynamic and entrepreneurial. Will be given full scope to build on these talents and develop own client bank.

Please mail or fax you CV to Lindsey Jackson, BMI Kidsons, Russell Square House, 10-12 Russell Square, London WC1B 5LG, Fax No: 01-436 6605.

Commercial Involvement

FINANCIAL CONTROL

£30,000 + Car + Bens

Manchester

Autonomous, hi-tech subsidiary of a major international Group, offers a key No. 1 opportunity to an experienced ACA/ACMA.

Reporting to the Local Director, and joining a multi-disciplinary senior management team, your responsibilities will be diverse. They will embrace the control of the financial and administrative functions of the company, and there will be significant involvement in commercial decision making.

You must have a proven track record including previous experience in a senior financial position, and candidates under 30 are unlikely to possess the man-management skills required. The successful candidate will possess the credibility and charisma necessary to be effective immediately in this important role.

Please apply directly to Anita Allison at Robert Half, Freepost, Brook House, Spring Gardens, Manchester M2 8BA. Telephone: 061-236 0101, or evenings on 0457 873644. Alternatively, fax your details on 061-236 1024.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester · Bristol · Leeds · Brussels · USA

ROBERT HALF
MANCHESTER

Financial Director

South Cheshire — Up to £35,000+car

Our client, a subsidiary of a major Plc, is seeking a pro-active Finance Director with strong commercial awareness to assume full financial responsibility for 5 operating units (t/o £50m) involved in the design and manufacture of electronic and electro-mechanical products and components.

Reporting to the Managing Director, the position requires a qualified accountant with a minimum of 5 years' post qualification experience gained within a similar industry.

Possessing excellent interpersonal skills combined with a broad based accounting background and a proven track record in systems implementation and development, you will be an innovative professional, ready to take the challenge offered by this highly demanding and diverse role.

There is an attractive salary and benefits package including executive car. This is an excellent opportunity to play a key part in the further growth of this exceptional company.

In the first instance, please send a full career resume, including current salary and a day time telephone number to: Linda McConville M.E.C.I., Divisional Managing Director

Robert Armstrong & Company

Management Selection Consultants

No. 1, Central Street, Manchester M2 5WR. Telephone: 061-236 0541. Fax: 061-833 1845

A member of BURNS ANDERSON RECRUITMENT PLC

Project Accountant

Remuneration package of c£30,000 including company car

St. Paul (UK) Limited is the London Reinsurance and UK Domestic Underwriting operation of the leading US insurance company, The St. Paul Companies, Inc. The UK company's premium income is projected to show substantial planned growth in the medium term to reflect the increases in capitalisation made by the parent company in 1988.

To respond to this business development, we are seeking to enhance our Financial teams with the appointment of a Project Accountant, who will contribute to the companies requirements by handling specific assignments. It is anticipated these will include the monitoring of treasury and investment activities. US reporting including US tax analysis and involvement in the financial planning process. Involvement in our international management interests may also occur.

The position will be of interest to qualified accountants with experience in the Insurance/Reinsurance markets.

The remuneration package will include non-contributory health and pension schemes, Profitshare and other stock related schemes and involvement in our Executive Incentive scheme.

Applicants are invited to submit career summaries to:

Personnel Manager
St. Paul Management Ltd.
15-18 Lime Street
London EC3M 7AP.

The St Paul

NEWLY QUALIFIED ACA EUROPEAN BANK

City — £22 - 25,000 + Benefits

An outstanding opportunity has arisen for a newly qualified ACA to join a prestigious European Bank within their commercial and private banking sector.

Working closely with key business areas, the successful candidate will be responsible for implementing and maintaining the daily accounting controls, producing and interpreting management information and developing internal reporting systems.

Candidates will be qualified ACAs with experience gained in one of the major accountancy firms. Whilst previous banking experience would be an advantage, this would make an ideal step for candidates wishing to move out of the profession.

For further information of this and other opportunities, please contact Jacqueline Long at;

WELL COURT ACCOUNTANCY
11 Well Court, London EC4M 9DN
Tel - 01 236 0723 Fax - 01 489 8305

WCA

BUSINESS DEVELOPMENT ACCOUNTANT

EXCITING COMMERCIAL OPPORTUNITY

TYNESIDE — To £25,000 + car

This is a newly created post within a major UK operating subsidiary of a US quoted Group. The Company is brand leader in the manufacture of an innovative range of products used principally in the construction, furniture and transport industries. The prime purpose of the position is to guarantee succession at Director level in the medium term. Reporting to the Finance Director and initially embracing the existing roles within the finance function, the successful applicant will be closely involved in both marketing and manufacturing areas, looking at specific finance related projects. Candidates will be young (26 – 30 years) graduate, qualified accountants with broad based business experience, ideally including management accounts, planning, budgeting, cash management and taxation. Applications are invited from highly ambitious, self motivated individuals who probably see their future in a general management role. The right candidate will be willing and eager to mix with customers becoming involved in every aspect of the business from sales through to manufacture. Prospects are excellent within this first class group.

For confidential application form please telephone Lorna Dinning on Tyneside (091) 261 6940 or forward a comprehensive CV with full salary details to Northern Recruitment Group, Vine House, Vine Lane, Newcastle upon Tyne NE1 7PU quoting reference CLD1031.

NORTHERN RECRUITMENT GROUP
ACCOUNTANCY SELECTION

University of London The London School of Economics and Political Science INSTITUTE OF MANAGEMENT Chair in Management

Applications are invited for the above newly established Chair at the London School of Economics. The holder of the Chair will act as Director of the School's new Institute of Management and will be expected to play a key role in the setting up and development of the Institute. Drawing on the School's strengths in the social and human sciences, the aim of the Institute is to provide a focus in the School for the careful and serious study of management, with particular emphasis being given to its international aspects. The Institute will undertake and co-ordinate undergraduate and post-graduate teaching, research and short courses in the area of business and management studies. Applications are welcome from candidates in the social sciences with interests in any area of management who would be interested in leading this new initiative.

Further particulars for this post are available from the Staffing Officer, The London School of Economics and Political Science, Houghton Street, London WC2A 2AE. Applicants should submit eight copies of a full curriculum vitae together with the names of three referees to the Staffing Officer, London School of Economics and Political Science. Closing date for applications 20 November 1989.

Group Internal Audit Supervisor

Determine your future from a position of control

South London — £28,000 + Car +Benefits

Our client is one of the world's largest and most prestigious FMCG companies and has an unrivalled international presence. In the U.K. alone it has many brand leading products, all well-known household names.

Reporting to the Head of Group Internal Audit, and assuming many of his responsibilities in his absence, your success will revolve around two key issues. First, your approach to motivating and co-ordinating a multi-disciplined function. Secondly, your ability to examine and appraise a variety of simultaneous projects: gaining the confidence to act on each, without becoming over involved in any. In both areas, you will be expected to adopt new techniques, and to liaise comfortably with the most senior management.

Preferably CIMA or CACA qualified, and with 2 years' industrial experience, ideally in manufacturing, you should be a mature individual capable of integrating fully into this high profile role. A good understanding of teamwork and operational audit techniques, together with proven man-management skills at a senior level are essential.

Such a challenge during a period of substantial expansion naturally creates outstanding career prospects. You can also look forward to overseas travel and a comprehensive training programme. Benefits include the use of a company car, medical insurance, pension scheme, health assurance and relocation assistance where appropriate.

For further details, please contact Andrew Livesey, our advising consultant on 01 404 3155. Alternatively write to him at Alderwick Peachell & Partners, Financial and Accountancy Recruitment, 125 High Holborn, London WC1V 6QA. Fax:01 404 0140.

Alderwick and Peachell PARTNERS LTD

Financial Manager

Director Designate — Hotel/Retail background

c£26k + profit + car + benefits

Our client is a young, progressive Hotel Group with ambitious business plans for the future. Central to its development, is the appointment of a Financial Manager, who can provide both, a strategic financial view and 'hands-on' Financial Management. This is a newly-created position and will report to the Group General Manager.

Responsibilities will include Financial Planning, Financial advice to all levels of Management and the administration of full and effective Financial controls through the motivation and leadership of the accounts team.

We are seeking a qualified Accountant who is both ambitious and confident, and who can demonstrate a successful track record within a fast moving and dynamic environment, preferably within the Hotel Industry.

This is an exciting opportunity to play a pro-active role in the Company's growth and success will lead to promotion to Finance Director.

Please phone for further information or send full career details to:
Johnathan Poole, Moores Rowland, Clifford's Inn, Fetter Lane, London EC4A 1AS. Tel: (01) 831 8383 quoting reference JP/123.

Moores Rowland
Management Consultants

Financial Controller

London EC3 — c £26,000 + bonus + car

Expanding City wine bar group

As a result of their acquisition policy and plans for organic growth, the directors of this wine bar and restaurant group have identified the need for a Financial Controller, able to accept the responsibility for producing timely and relevant financial information.

The role will encompass the introduction of computerised management information systems; the production of monthly and statutory accounts; cash control and forecasting. You will also be responsible for the review of internal controls in the existing operations and the smooth integration of future acquisitions.

You should be a qualified accountant, ideally with relevant industry experience and some exposure to the management of change. You should possess good communication skills and be able to combine a shirtsleeves approach to the provision of detailed information with the ability to deal with the demands of growth.

Please telephone Bernard Farmer FCCA on 01-240 1440, outside office hours 0462 893420, or write enclosing a full C.V. to the address below.

BARBER ♦ RECRUITMENT ♦ LIMITED
Accountancy Selection Consultants
17/18 Henrietta Street - Covent Garden - London WC2E 8QX

SOLICITORS COMPLAINTS BUREAU

ACCOUNTANT

Investigation Accountants Department

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SECTION III

FINANCIAL TIMES SURVEY

Far from paving the way to demolition of the Bar, the Government's law reform plans provide an opportunity for barristers to become the specialised consultancy arm of the legal profession, argues Robert Rice, Legal Correspondent

How the Bar can survive

LORD DONALDSON, the Master of the Rolls, and no stranger to controversy, has reopened old wounds between the Bar and the Law Society.

Many feel his comments on rights of audience for solicitors in the higher courts, made at the recent Bar Conference, were not helpful – particularly when both sides of the legal profession were moving towards a more constructive attitude to the Government's proposals for reform.

His comments were widely seen both by the Bar and the Law Society as a broad hint that the statutory objectives set out in the White Paper, coupled with the regulatory role given to the senior judiciary, meant that a number of areas of advocacy work in the High Court and above could be preserved for the Bar.

Yet as Lord Mackay, the Lord Chancellor, pointed out last week, the issue of extending solicitors' rights of audience remains one for discussion within the framework established by the White Paper - between the Lord Chancellor, his lay-dominated Advisory Committee, the profession and the four senior judges.

In deciding whether or not to concur with any new rules drawn up to give solicitors wider advocacy rights, the four senior judges would need to have regard to the Advisory Committee's advice as well as taking into consideration the statutory objectives set out in the White Paper, he reminded the Master of the Rolls.

Their decisions would also be subject to public scrutiny and possibly in the last resort, to judicial review. Anyone who thought that was "window dressing" should remember that only three years ago the Lord Chancellor himself had been the subject of judicial review proceedings brought by the Bar over legal aid pay rates, Lord Mackay said.

Lord Donaldson's remarks were particularly unhelpful to the Bar, because if it is to survive as an independent specialist body of advocates it will not be enough for it to rely on a broad hint that, when push comes to shove, the senior judiciary will see it is all right.

The natural extension of the Bar's argument about erosion of its exclusive rights of audience in the higher courts is that the Bar as a career will become less attractive; its best talent will be lured away to the financial security of larger firms of solicitors and ultimately the Bar as a separate, *independent body of specialist* advocates will wither away.

After the initial panic that followed publication of the Government's proposals in January, the Bar took long overdue steps to reform its structure and working practices which should go some way to safeguard its future.

By far the most important of these measures was the decision to pay pupil barristers a minimum wage financed out of a levy of all practising barristers. Some chambers will pay more than others, a few offering salaries to pupil barristers comparable to those on offer from the City law firms.

Yet the Bar has turned its face against partnerships between barristers, the very structure which would not only have allowed all chambers more easily to pay pupils the sort of salaries offered by the City law firms to the best graduates, but more importantly to nurture and train them through the early years.

It has rejected partnerships on the grounds that these would make it ethically impossible for two barristers in the same partnership to act for opposite sides in the same case. The conflict between one partner's duty to his fellow partner and the duty he owes *to his client would place him* in an impossible position.

To barristers of course, this makes perfect sense. The outside world, however, finds it difficult to see the distinction between that situation and two barristers sharing the same chambers, clerk, support facilities and perhaps even the same office while acting for opposite sides in the same case. That frequently happens now.

It is clear, however, that the Bar will not disappear altogether. In the commercial field in particular, the recent formation of the Commercial Bar Association shows the *determination of commercial* sets of chambers to build on their services and expertise to safeguard their future. It is an example that other areas of the Bar might do well to follow.

The successful future of the Bar depends very much on its playing to its strengths. Numerous areas of practice exist with opportunities for building on current expertise to create true specialist services. The Planning Bar is an example. The Patent Bar and the new European Law Chambers with offices in London, Brussels and Dublin provide good role models.

The City law firms also have an interest in ensuring that a body of independent specialist advocates remains. Though the leaders of the Bar may seem to suggest otherwise, few are anxious to increase to any great extent their in-house advocacy capacity. Most of them cannot see why *successful and established* barristers would want to leave the Bar and do not themselves envisage wanting to recruit barristers who were not successful and established.

On the contrary, many of them see the White Paper proposals as a great opportunity for the Bar to become a truly specialised consultancy arm of the legal profession.

Herbert Smith, for example, which has one of the largest commercial litigation practices in the UK, noted in its response to the Government's proposals that the traditional role of the Bar as adviser to and collaborator with solicitors was changing to more of a competitive one.

The proposals, if the Bar is prepared to embrace them, in particular the increase in rights of direct access coupled with the ability to form multi-disciplinary partnerships, would give the Bar a much greater competitive edge than it enjoys at present.

There is room for collaboration between barristers and accountants in litigation support, insolvency, company and tax advisory work. And there is room for links with other professions, such as surveyors and planners, between barristers and the London offices of foreign lawyers (the *Americans in particular*) and for an increase in competition with solicitors for direct access to other foreign clients, particularly in Europe.

But the ultimate survival of a successful, competitive Bar depends crucially on its ability *to attract lawyers of the right* calibre. At the moment the odds are stacked against it. In spite of a considerable number of very skilled and specialist lawyers at the Bar, there are too few to meet the demands on them. Large parts of the Bar are also devoid of the degree of specialisation necessary for what aims to be the consultancy arm of a profession.

This however, as Herbert Smith also pointed out, has nothing to do with the Government's proposed reforms. One of the main reasons is that high calibre law graduates are in short supply, and the Bar is finding it difficult to recruit sufficient able candidates.

In 1986, of the students with good law degrees (Firsts or Upper Seconds), 825 chose to become solicitors and 144 to be barristers. As 320 law graduates chose to become barristers that year the result *was that* less than 50 per cent of the Bar's potential intake had good law degrees. The proportions were similar in 1987. Though many sets will argue that they have never had any problems in recruiting the best pupils, it seems that the overall standards of the Bar are declining.

The Bar also suffers at the other end in that it is still the exclusive supplier of the higher judiciary. If not all the best advocates choose that path, a large number of the Bar's brightest stars are recruited to the bench, further weakening what is already a small specialist elite.

For the smaller and medium sized solicitors' firms both in and outside London the survival of a Bar is essential. While the large City firms are less and less inclined to seek opinions from counsel, because they have the expertise in-house, the smaller and medium-sized firms need and rely on a specialist Bar.

This does not, however, remove the necessity for the Bar to become a more genuine specialist arm of the profession. If it does not, it will always remain open to the smaller firms to do their own advocacy to the extent that they are able and to obtain what they cannot deal with, together with their specialist legal advice, on an agency basis from the larger firms capable of providing it.

As the cold war rhetoric drifts backwards and forwards between the judiciary, the Bar Council and the Law Society over the coming months, the rank-and-file members of the Bar would do well to remember that its future lies not in resisting change but in ensuring that it can become the truly specialist consultancy arm of the legal profession.

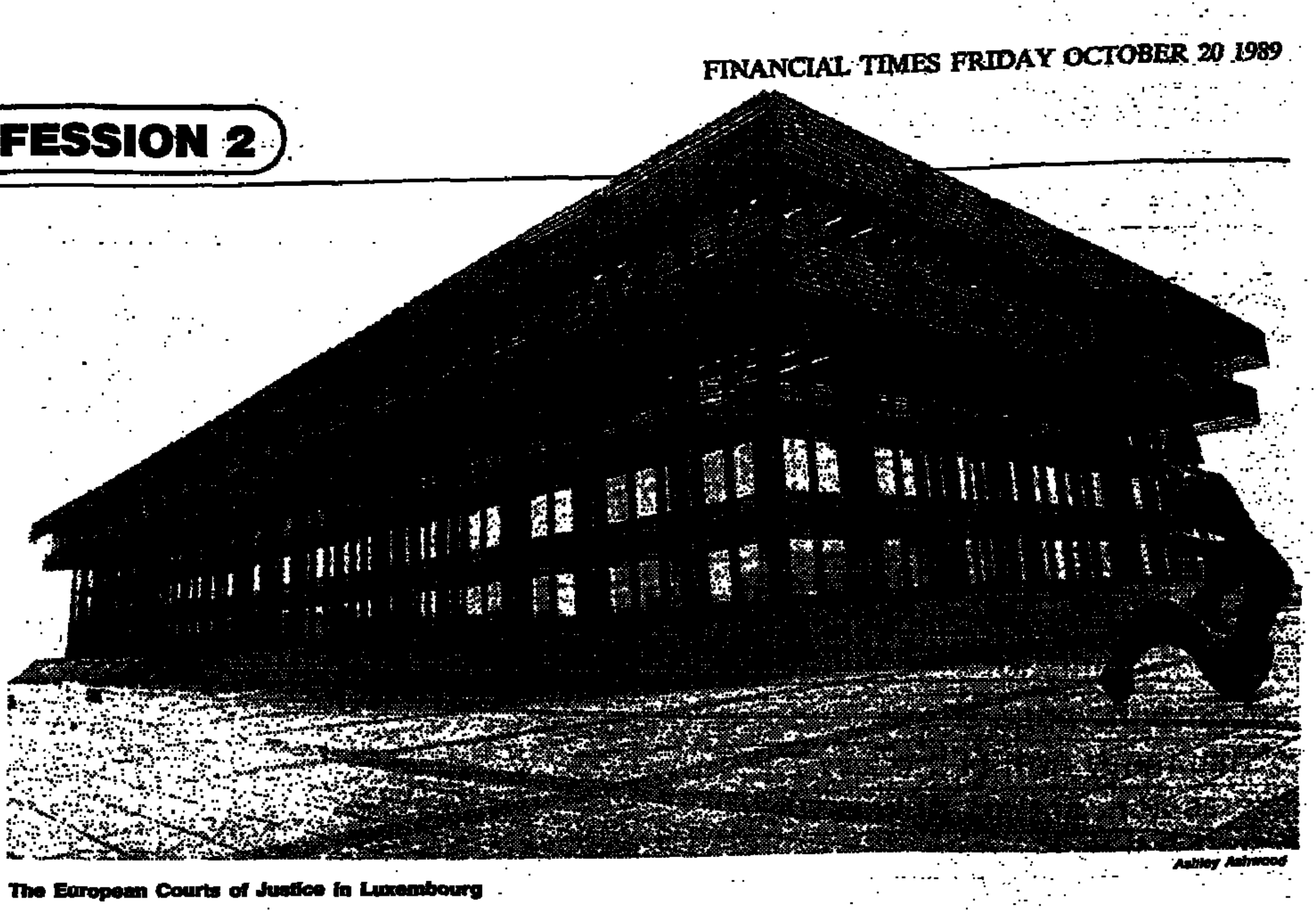
If it does not lose sight of that and can succeed in promoting itself as such at home and abroad, there is every reason to believe that a strong and prosperous Bar, albeit smaller than at present, will survive long into the next century.

The Legal Profession

CONTENTS

What does the single European market mean for UK lawyers?

A wider horizon across national boundaries



Ashley Ashwood

The European Courts of Justice in Luxembourg

ABOUT 300,000 lawyers practise in the European Community. Their gross annual income is in the region of £10bn.

The single market may affect their professional organisation and will certainly challenge most of them to widen their horizons in the daily practice of law.

Lawyers' views of it vary according to where they practise. The business dynamics of the big English law firms are quite unlike those of most mainland EC lawyers, who tend to practise alone or in small groups. However, the groups are growing.

Gide Loyrette Nouel in Paris has 100 lawyers, for example, and two mergers of German firms across provincial boundaries were recently approved by the Federal Constitutional Court. The EC measures helping lawyers to move about the Community affect their rights to practise as individuals, not as firms, nor do they have anything to say about establishing "offshore" offices.

The 1977 directive gives lawyers the freedom to act personally for clients throughout the EC, and the professions will have to recognise the qualifications of visiting EC lawyers under a directive which will come into force in January 1991. This second directive would be revolutionary if it allowed the migrant lawyer to join local lawyers in partnership while remaining in partnership under his home profession's rules. Its wording is obscure, but it almost certainly does not do this.

It seems the new directive *does not in any way affect* ethical rules or lawyers' rights to organise themselves. Local professional rules will continue to decide these matters: an English solicitor recognised as a French *avocat* would not, as an *avocat*, be allowed to be the partner of solicitors.

Currently, only the Netherlands allows partnerships between its own and other EC *lawyers, but the UK is expected* to do so soon.

The threat of predatory foreign firms can be over-estimated. As with mergers between UK *law firms*, it is hard to get facts: lawyers willingly disclose that they have been courted, but few acknowledge that they have unsuccessfully done the courting.

The UK is expected to *allow partnerships* with other EC lawyers

From a business point of view, it seems unlikely that many law firms will want to put capital into speculative ventures, except possibly in Brussels where all the EC's lawyers can practise EC law. Even the single market cannot change the national nature of law – an English company doing business in England is still most unlikely to consult a German or Italian lawyer about it.

Most prudent lawyers would *probably* agree with Mr Lloyd Evans of Berwin Leighton in London that adapting the firm's EC practice in response to clients' changing needs is more likely to lead to success than *setting up* costly *foreign* operations in the hope of winning local trade, or even offering "1992" services in the abstract.

The European dimension *intrudes into existing habits of* legal practice in three ways – awareness of EC law as part of the law applied in all the EC countries, direct practice in Brussels and Luxembourg, and *legal work arising from* cross-border business. Direct practice of EC law at the Commission (competition law, anti-dumping and, in future, possibly the environment) mainly *affects lawyers* with *fairly big* business among their clients, since smaller commercial dealings are usually exempt from competition scrutiny.

The Commission's power of *intervention in takeovers and* mergers, first given shape by the Philip Morris judgment in 1987, is an important new legal aspect of corporate work, and is set to expand for very big deals if the merger regulation is adopted this year, as is now said to be likely.

A major EC influence flows from *the* process of opening the frontiers. Cross-border trade increasingly means dealing with the national laws of the other countries, a feat few lawyers can achieve personally. It involves big deals and little deals and all the deals between – buying and selling, taking employment in another EC country and joint business ventures, *for example*.

There is no special difficulty (except possibly in language) in handling clients' cross-border business. No English solicitor would say that it was *impractical to have a client* who wants to do business in Scotland, or vice versa, simply because the law is different.

Many EC systems confine lawyers to quite a narrow *locality within the country*, so they are used to dealing with their counterparts in other places. What is needed is a reliable source of reference: it is vital to recommend a good lawyer. *Most lawyers* with a business clientele already have a good many contacts, or at least a tried means of finding them.

In addition, there are three options: set up an office in a *foreign centre, form* a permanent but personalised link with a law firm in another centre, or use a referral network.

The first option is enormously expensive, fraught with *professional* complications in many EC countries and viable only when demanded by clients who will use it. The second option is popular, but has a big drawback: if you form a close association with one firm, you may exclude yourself from contact with other firms in the same place.

Some firms are trying the tightest and most formal association *open to them* – the European Economic Interest Grouping (which incidentally has a good *communautaire* feel to it). Mr Philip Goldenberg of S J Berwin, the London law *firm*, doubts whether EEIGs are especially useful for lawyers. He argues that the EEIG *cannot* carry *on* the partners' core business of legal practice, only subsidiary activities such *as support services, and that* these could as easily be run by other, less exclusive means. The EEIG has no tax advantages, he points out, since any income it generates is taxable in the hands of the partners.

The Anglo-Spanish Legal Service is a recent example of a less formal but personalised link between law firms. It was set up by Boodle Hatfield, a 37-partner London-based firm with strong Latin American ties and a practice in the *corporate, commercial* and property fields, and Bufete Lupicinio Rodriguez, a 15-lawyer Madrid firm with a similarly business-oriented practice.

Panic and delusions of grandeur — each unjustified

Mr Antonio Irastorza, a partner in Boodle Hatfield, is one of only four dual-qualified Anglo-Spanish lawyers. The new project offers more than simple referral, since lawyers in both firms are in daily contact with each other.

Outside this kind of two-centre arrangement, or if a firm has none, a network can offer a safe but non-exclusive referral system throughout the EC. A new venture, Eurolink for Lawyers, was set up this year by Ian Cooper Communications of Leeds. It offers a vetted selection of law firms across the EC, not only in capital cities. The *details* of each firm, particularly its specialisations, are included in the data-base which members receive on joining.

The organisers back this up by finding contacts outside the membership, if needed. The first of Eurolink's twice-yearly conferences early next month will debate ways in which lawyers can best handle the single European market. Over 60 per cent of its members are from the mainland EC although the network's language is English.

The single European market inspires both panic and delusions of grandeur in lawyers, each as unjustified as the other when dispassionately assessed. What it certainly promises is lots more legal work and – lawyers willing – a more generous spirit of co-operation.

Celia Hampton

MULTINATIONAL PARTNERS

Transatlantic liaisons can be satisfying

THERE IS nothing startlingly new in this particular courtship. Law firms from both sides of the Atlantic have been ogling each other for some time now. It is more that its strange, discreet rituals have grown more intense of late. But serious relationships are one thing, formal exchanges of vows quite another.

That cautionary note on multinational partnerships is sounded by Mr Bill Blackburn, chairman of the international committee of the Law Society and partner in city firm Theodore Goddard. Full partnerships imply the sharing of losses as well as profits. Many forms of association short of full partnership are possible.

The increasing importance of the European market to US, and now Japanese, companies provides the chemistry for the mutual attraction between US and London law firms. They believe they can serve such international corporate clients better by exchanging and pooling resources and certain areas of expertise. Lawyers on the Continent have already indicated that they take the need for size and muscle seriously, with cross-country mergers taking place or on the cards in Germany, Italy and Spain.

US reasons for a foothold in Europe may be defensive

However, many US firms' reasons for wanting to establish a foothold in Europe are defensive ones, says Mr Stephen D Kon, partner with S J Berwin, who has just returned from a speaking tour to American legal practices. They made clear their concerns about losing business from US clients to European firms in general, and UK firms in particular.

One of the longest standing transatlantic relationships is between Texan-based Bracewell and Patterson, with 100 lawyers, and Boodle Hatfield, with 60. It was based initially on oil exploration in Texas, and the need for investors to raise exploration finance in the London markets. Partners from both firms worked side by side on deals. "We learnt a lot from working with Americans, particularly about the presentation of work to the client," says Mr Michael Loup, partner in Boodle Hatfield.

The relationship is now based on Boodle Hatfield giving one of Bracewell's partners a seat in its London office, and providing full services back-up, while the London firm sends young lawyers to Texas for experience. Boodles has developed similar "arrangements" with two other US firms, specialising in intellectual property and government contracting, with which it is circulating an EC newsletter.

The eyes of the legal fraternity are focused, at present, on what is developing into perhaps the most far-reaching relationship so far, that between Los Angeles based O'Melveny and Myers and London firm MacFarlanes. Described by Mr Perry Lerner, O'Melveny's London partner, as a strategic alliance, it incorporates a number of building blocks:

O'Melveny, with an office in Tokyo and possibly the largest number of Japanese clients of any US law firm, has agreed to introduce MacFarlanes to Japanese clients with interests in Europe.

□ A partner from each firm travelled to Hong Kong together to promote their services and expertise in offshore funds to wealthy residents of the colony, with an eye on 1997.

□ A MacFarlanes partner will spend a year in O'Melveny's Los Angeles office to learn about entertainment law. One of O'Melveny's entertainment specialists will train and work with MacFarlanes' lawyers in its London office.

□ The two firms have agreed to work together to adapt a range of financial products, originating in the US, for the English market, principally in the area of leveraged buyouts, with software development as a core part.

□ They intend to co-operate on the mechanics of tax planning mechanisms such as pension plans to Americans wanting to invest in England and vice versa.

□ They plan to open a joint Brussels office, staffed by lawyers from both firms and aimed at providing an EC-oriented service for US and Japanese clients in particular. They are also investigating together openings in West Germany.

"Our type of relationship offers all the advantages without any of the traumas of a formal merger," says Mr Lerner. It is not exclusive, leaving both firms free to deal with other US and UK firms. The aim is to develop business that neither of them would have without the relationship.

What one American calls a shortage of brides and grooms

MacFarlanes, 22nd largest firm in London and 26th in England, had set up an internal task force to assess its European and global strategy, and realised that, on its own, it would be unable to achieve any critical mass outside the UK. "We needed help to capitalise, in particular, on opportunities around the Pacific Rim," says Mr V E Treves, MacFarlanes' senior partner. He saw London competitors opening offices in Tokyo and losing money.

O'Melveny had talks with 15 UK firms and many discussions with MacFarlanes before entering into an alliance. "It turns out we like each other a great deal," says Mr Treves. "We both have a very strong sense of partnership, ethos and cohesion and much less regard for the bottom line than many

Continued on Page 3

Rachel Davies explains why UK firms have been tempted by Eastern promise

Asian practices seem to pay off

ON April Fool's Day 1987, a virtual 22-year ban on foreign lawyers came to an end in Japan.

Up until *then*, since the passing of the Lawyers Law 1955, a foreigner could only practise as a Japanese lawyer, and then only if he had passed the Japanese Bar exams – an unrealistic expectation, in view of the 1½ per cent pass rate, achieved once only by a foreign lawyer, an American called Thomas Blackmore.

In 1987 the rules were relaxed. Foreign lawyers can now practise in a restricted sort of way if registered as a *gaikokuho jimu benegoshi* (GJB). In that year seven English law offices opened in Tokyo – Allen & Overy, Clifford Chance, Freshfields, Linklaters & Paines, McKenna & Co, Richards Butler, and Slaughter and May.

The most recent arrivals are Denton Hall Burgin & Warrens, which has just established an office in Tokyo, run by Mr Richard Playle, the only Japanese-speaking registered English lawyer in Japan.

Clifford Chance has the largest of the Tokyo offices. It started off with six lawyers and now has 15, including three GJBs and two prospectives going through the six-month registration pipeline. Other offices have two, three or four lawyers with at least one GJB.

The expense of operating in Japan is horrific, so is it worth it?

Being still understaffed with 15 lawyers speaks for itself, says Mr Geoffrey White of Clifford Chance. A finance-based practice in banking and company work, with negotiation of international contracts in what has become the most important financial centre in the world, has led to extremely high profits.

Despite restrictions on practice and the irritation of hidden trade barriers, English lawyers are enthusiastic about Japan.

They can perform only "such business as relates to the law of the country in which they have qualified" but, according to Mr White, that is no problem. Contracts are international. Negotiations and documentation are in English, and if an advice includes the law of another country it is specifically attributed to a source in the appropriate country.

A foreign firm cannot practise under its own name in Japan

The main thorn in the flesh of a foreign firm is that it cannot practise under its own name in Japan, but must bear the name of its GJB plus the wording Gaikokuho Jimu Bengoshi Jimosho – which by law cannot be translated, but means "office of a foreign lawyer." Not only does goodwill suffer as a result, but there is also the inconvenience and expense of changing the name every time a partner is recalled to the UK.

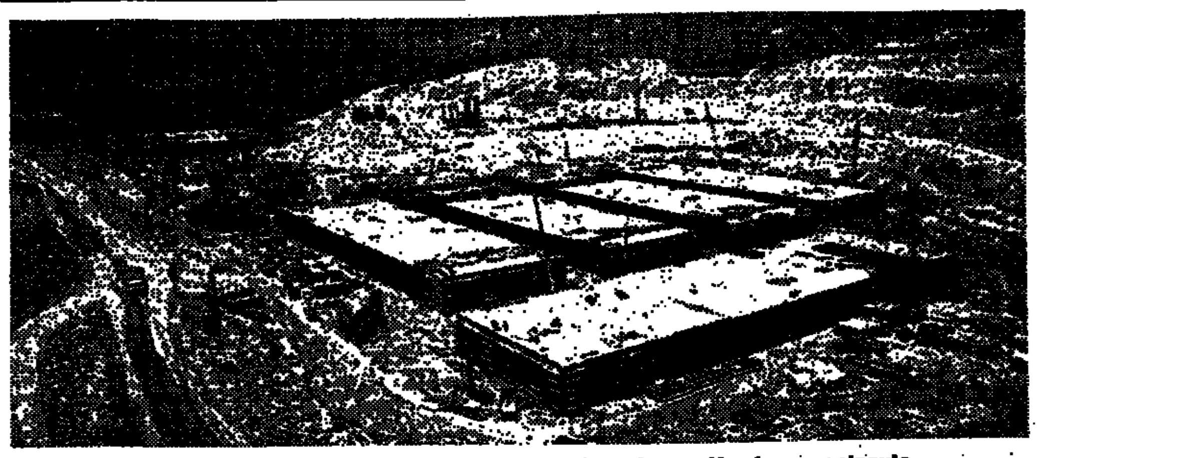
One firm which is as enthusiastic about Japan as anyone else, but considers an office unnecessary, is Simmons & Simmons. It maintains an "unexplained presence" of consultancy and contact, visits frequently, belongs to Japanese societies, keeps a constant watch on Japanese affairs and gets a lot of business, without the staggering expense of setting up a formal base.

Another firm with no plans to set up in Tokyo is Morgan Bruce & Hardwickes of Cardiff, which handles Japanese work in Wales – and which is currently concentrating on the imminent opening of its Polish office. So far, its Japanese business has come to it effortlessly, by word-of-mouth recommendation.

This year Simmons & Simmons celebrates its 10th year in Hong Kong, where it has 20 lawyers. Undaunted by the events in China, it has no intention of running the office down. Just the opposite according to Mr Paul de Chazal, senior partner.

Simmons' plan, insofar as anyone can plan anything, is to have a south-east China law office in 1997. Its China group, set up to deal with the mainland, has also been going successfully for many years, and could possibly merge with the Hong Kong office when 1997 comes.

With an eye to that future Simmons & Simmons has operated a long-standing localisation policy of integration and employment of Chinese lawyers which has been somewhat thwarted by the Chinese tendency to depart and set up on their own once qualified, but may have greater success with the growing belief that that, the bigger the firm, the more efficient the practice.



McKenna & Co in Hong Kong: the Eastern Harbour Crossing to Kowloon peninsula

The general legal attitude to Hong Kong – its immediate state of uncertainty as well as the 1997 change-over – is optimistic. Certainly there should be no shortage of work.

Mr Camille Tojo of Alsop Wilkinson Driver points out dispassionately that if Hong Kong plunges into recession or slowdown in major markets, there will be an avalanche of litigation and insolvency work. If the property market remains unaffected, as it appears to be at the moment, and if last year's economic performance is maintained, conveyancing and commercial work will continue to thrive.

So the lawyers cannot lose – unless of course the troops walk in tomorrow and they all walk out.

Mr Robert Phillips of McKenna, now in London as co-ordinator of its Major Projects Unit, but previously senior partner in Hong Kong from 1983 to 1988, confirms his firm's commitment to Hong Kong and hopes to see it there in 1997. He has operated a policy aimed at mutual knowledge and understanding and like Simmons & Simmons has encouraged the employment and training of young Chinese lawyers. Not all the Hong Kong staff speak Chinese, but several have a capability in Cantonese, the local dialect, and Mandarin, the official business language.

When 1997 comes, there will be a double legal system, of basic law and Hong Kong law, which will follow common law principles for 50 years. The Hong Kong Government has already started the massive project of translation from the English. All legislation borrowed from the UK will have to be localised before 1997. The natural tendency at first will be to use English in legal matters, but in time to switch over. There are 50 years to do it in. Things look good for the translators as well as the lawyers.

"If Hong Kong plunges into recession, there'll be insolvency work"

So, as yet, despite an uncertain future, Hong Kong remains a significant international commercial centre. It has not been overtaken over by Singapore, as was once anticipated.

Singapore does not welcome foreign lawyers and not a lot happens there from the foreign lawyer's point of view, though it can be useful for finance.

Apart from Freshfields, which obtained a full licence to practise in 1981 only to have it taken away a few years later, no foreign firm has been granted a full on-shore licence. A lot of deals are put together and financed there, but performance usually takes place elsewhere in the south-east Asia region.

McKenna & Co, with a Singapore off-shore licence and a lot of work in Indonesia out of Singapore, thinks in terms of a south-east Asia practice, and has just established a presence in Indonesia. As foreign lawyers they cannot practise, but have done a deal with a Jakarta law office and will be represented there by Mr Oliver Wright, an Indonesian-speaking construction and corporate lawyer.

Mr Stephen Whybrow, senior partner, sees Indonesia as an exciting area where rapid economic growth, increasing foreign investment and a deficiency in the supply of legal advice, make it an obvious target for foreign lawyers capable of acting in a commercial consultancy capacity and of negotiating commercial contracts.

Another area of opportunity for foreign lawyers, according to Mr Ian Gaunt of Sinclair Roche & Temperley, is Korea. International trade is still unfamiliar ground to local lawyers. Foreign lawyers are, however, discouraged and usually act in a advisory or backroom capacity, producing English language documentation for local firms.

In theory, the Minister of Justice has authority to license foreign lawyers "when it is deemed appropriate," but few licences have been granted,

A strong protectionist attitude among Korean lawyers

and there is a strong protectionist attitude among Korean lawyers which makes liberalisation unlikely.

The growing exploitation of natural resources by British, US and Australian companies and the inevitable upsurge in economic growth throughout south-east Asia make it a natural hunting ground for the UK city lawyer with a tradition of commercial law behind him.

What south-east Asia is all about, says McKenna's Mr Phillips, is the integration of UK city experience with the knowledge and understanding of local firms. International projects can be efficiently, quickly and successfully completed through competent collaboration and the mutual contribution of expertise.

Transatlantic partnerships

Continued from Page 2

other firms.

"But it would be quite wrong to destroy the friendships we have made with other firms. We have turned down the many offers from UK firms to merge, and have no intention of merging now."

Will full-bodied mergers be more likely should they be permitted by the Lord Chancellor's department and the Law Society? There are several reasons why lawyers here have their doubts.

Concern about the loss of referrals, inherent in any exclusive arrangement, is one worry uppermost in many UK lawyers' minds. Then there is what one American lawyer calls the shortage of brides and grooms. There are over 100 US firms with a possible interest in merger, but only between 20 and 30 sufficiently attractive London firms.

Differences in attitudes between US and UK legal professions over the distribution of profits might be another obstacle. "We would be very hesitant about becoming partners in a US firm," says the senior partner of a major London solicitor's with experience of co-operation with American lawyers. "The US practice of juggling profit shares turns partners' meetings into a bit of an auction and causes terrible tensions.

"US partnerships are much more fragile than people here realise, and I would be concerned lest the same happens in London." At the back of some lawyers' minds, perhaps, is the collapse of American firm Finlay Kumble which had a tie-up with Berwin Leighton. Their fragility is reflected also in the practice of poaching high flyers in key areas such as leveraged buyouts, just starting to spread from the US to London.

More important, believe other solicitors, will be the attitude of underwriters to such mergers. There are doubts whether a US/UK partnership could get insurance cover, and if it could, what would be the level of premium. A few American firms already practise without insurance cover because of the cost of taking out cover in the US. A relationship which exposed firms to US levels of damages would give many underwriters a fit, comments one London solicitor.

It is extraordinary how multinational partnerships are blandly accepted in the Green and White papers, while multi-disciplinary partnerships are treated in a nit-picking way. For reputable firms of solicitors and accountants to get together must surely be a better bet than two firms from different jurisdictions.

The Law Society is now looking closely at just how mergers should work in practice. Its discussion paper examines the question of reciprocity, for example. There ought to be a requirement, in principle, that US partners practising in the UK in partnership with English solicitors be from a state which allows English qualified solicitors to practise in partnership in the US without taking the state's bar exams, says Mr Hamish Adamson, director (international) at the Law Society.

There is concern also about how multinational firms should be regulated. The Council of the Bars of the Law Societies of the European Community has a common code of conduct governing cross-border partnerships, but these do not cover lawyers practising outside the European Community.

Another issue is whether the Law Society's own compensation fund should have to meet a claim arising out of professional misconduct by a US lawyer of a UK-based international partnership. What should be the sanctions for malpractice by that lawyer and which body should impose them, the home bar or the Law Society?

Certification of lawyers is one point which some lawyers believe has been altogether fudged by the Law Society. Though multinational partnerships may be recognised and regulated, little account has been taken of multinational lawyers, says Mr Joel Z Robinson, whose firm has offices in New York, London and New Zealand.

Himself admitted in all three jurisdictions, he wants to see the concept of multi-admitted professional encouraged, with over 400 lawyers trained and admitted in the US and England. Lawyers practising in London or elsewhere in Europe should likewise be qualified in EC law, says Mr Robinson.

The situation, as it stands, could be open to manipulation, he believes. Someone in England takes and fails the exams, qualifies in the US, joins a multinational partnership and returns to London. The public will find it difficult to detect who is admitted where.

There are signs, meanwhile, that the cultural barriers to potential arrangements and partnerships are weakening. The 50 or so US firms practising in London already work closely with UK firms and once links are established there will be yet more toing and froing, says the Law Society's Mr Adamson.

It is perhaps significant that large UK firms have adopted US terminology in the administration of their practices. Managing partners and management committees are just two examples.

In the final analysis, market forces will determine the extent of merger mania, says Mr Bate C Toms, of Pepper Hamilton and Scheetz. Either individual clients will push firms to expand this way or firms will look at their neighbours taking the plunge and think they must do the same.

Alastair Guild

Recruitment crisis? What crisis? asks **James Morton**

Articled route to partnership

THIS YEAR up to 3,000 people will pass the final examination for entry into the solicitors' profession. They will then be articled to solicitors for a period of two years and most will emerge as qualified lawyers in 1991.

Just how do they choose the firm to whom they are articled? In 1991 will they remain with that firm or look for greener pastures? Are there any greener pastures, any way?

As with so many things, it is the "have" and "have not" divide which will determine their career structures. Almost 1,000 of the recruits will obtain places in the "top" 100 firms, with Clifford Chance and Linklaters & Paines taking around 220 between them. The remaining 10,400 firms in the country will divide the rest of the applicants among them.

Planning for the future is the name of today's game and that planning, with the major City firms, is long-term. Almost without exception the present partners in the large firms wish to see this year's articled clerks as their assistant solicitors in 1991 and their partners before the end of the century.

"You just cannot get good assistants who have been qualified for two years," says Mr John Calvert of Simmons and Simmons. The firm recruits about 55 articled clerks a year from some 800 unsolicited applications, taking up references on some 40 per cent and seeing perhaps 200 applicants.

"And if they do come on to the market after articles, you have to screen them closely to find out why they are not staying with the firm to whom they were articled," he adds. The implication is of a legal rake's progress away from the City portals, along a trail of increasing degradation to offices in Holborn, Mayfair, and then the provinces and the suburbs.

Not that all firms are keen to take assistants who have had articles in the City. "They aren't the sort of people we want at all," says Mr Piers Coleman of four-partner Fleet Street commercial firm Sebastian Coleman.

"They just won't roll up their sleeves. We would much rather have our own articled clerks and start training them in our ways from day one."

Coleman receives around 60 applications a year and takes three articled clerks who generally come through personal recommendation.

But Mr Paul Pattinson, of Boodle Hatfield, which takes a dozen articled clerks a year (half of them women this year) from around 300 applicants is not always put off by those who have done their articles with a large City practice.

"You need to ask into which department they wanted to go, how many vacancies and how many other applicants there were. Just because they have not been kept on does not necessarily mean they are in disgrace."

What are the firms seeking and what are they offering? Many will see only law graduates with 2.1 degrees from a handful of what are currently considered the best universities for law: Oxford, Cambridge, Durham, Bristol, Nottingham, Southampton and London.

"I think they are missing something," says Mr Calvert. "There may be perfectly good reasons why someone hasn't obtained as high honours as he would expect but he may still have plenty to offer."

Compatibility and good connections are "in". As one recruitment partner says: "We hope the articled clerk will have made friends at school and afterwards with people whose families are in commerce and that he will bring the new generation into the firm."

Now that they account for almost 50 per cent of the entry into the profession, women are "in" also. Career breaks for women with no loss of status or seniority are becoming commonplace among the larger firms, although the smaller the firm the more strain it puts on the remaining members of the partnership.

Frere Cholmeley, which offers consultancies, job-sharing and part-time work to women solicitors taking career breaks, has issued a set of guidelines to women in the firm. "We are very happy to consider career breaks. Up to two years there is no problem. Over two years there are logistical problems," says Ms Sophie Hamilton, the recruitment partner.

"I suspect that career breaks for men will come soon," she says. "It is hard to see logically why they should not."

Ethnic minority recruits, however, are generally not "in" among the big firms. "We have a lot of coloured staff," says one recruitment partner from a City firm, "but no articled clerks. We want people who will feel comfortable with us and we with them.

"They don't seem to be able to satisfy the high educational demands we have," another says. By contrast, S.J. Berwin finds a number of high quality applicants are *coming* from Kenya's Asian community.

All recruitment partners emphasise there is no bar whatsoever on Afro-Caribbean articled clerks. "If they are good enough, we'll have them, but we are not just having a token one, whatever the *Law Society may say*," comments one recruiter.

Apart from a potential lifetime in the practice, there are more immediate tangible benefits on offer by the top firms. Starting salaries of £17,500 are being offered by Gouldens, a 26-partner firm which is looking for 16 articled clerks this autumn and, almost certainly, other firms will soon seek to match this.

There are opportunities to work abroad. Paris, Monte Carlo, and Milan are all available for articled clerks at Frere Cholmeley which has just produced a 17-minute tape aimed at articled clerks *and extolling* the firm's virtues. "It is intended to give a flavour of the firm," says Ms Hamilton.

A "travel scholarship" of £1,500, lasting six months, is another inducement on offer by one major firm and it helps with the technical problems of a large intake of clerks all on one day. A "golden hello" is offered by another City firm.

One way or another, firms must now expect to pay some sort of maintenance to their potential articled clerks during their last year at law school.

Mr Michael Trask, of S.J. Berwin, finds that as a medium-sized firm it must keep up with the "giants" in terms of the salaries and benefits on offer.

"What we do find helpful is when a case involving a client of ours makes the newspapers, such as the recent Hoylake bid for BAT. It provides an objective statement to set against the brochures saying how wonderful firms are," he says.

With such a volume of applications received annually and the attractions they can offer the most desirable clerks, it is easy to see why City firms believe that, for them at least, the much publicised recruitment crisis of recent years is over.

The major provincial firms are also happy with the way recruiting has been going for 1990 and 1991. "Last year we had the best in both quality and in number," says Mr Kevin McLoughlin of Leeds firm Dibb Lupton Broomhead.

It is a trend confirmed by Andrew Scorah of Liverpool and Manchester solicitors Lace Mawer which adds that "the majority of able candidates has been women."

The other end of the scale seems light years away from these golden boys and girls. The 2,000 remaining clerks will almost all find places, with the ethnic minority applicants ending mostly at the bottom of the pile.

Many will receive £8,200, the basic minimum salary that the Law Society requires firms to pay before articles can be registered. There will be no golden hellos and not much in the way of perks except luncheon vouchers.

Fortunately for that end of the profession a recent survey involving more than 400 undergraduates showed that the level of salary on offer is one of the least important criteria of the final year law student. Forty-two per cent said they did not intend to seek articles in London.

Yet recruitment of qualified *staff outside London does* remain a problem, particularly for the smaller firm. Posts in the provinces may remain unfilled for three to six months and those in the south-west and north-east may stay vacant for up to a year, says Mr Murdoch Morrison of the Law Society's Recruitment Service.

Articled clerks may not be asked to stay on after articles as firms specialising in legal aid find it impossible to pay the salary of an assistant solicitor, which is now getting on for £20,000. A new articled clerk is far cheaper.

"In a two-partner firm it is a major expansion to take on a new assistant solicitor," says Mr Morrison. "The bigger you are, the easier life is. The smaller the firm, the harder life is."

But it is not just the small, provincial and suburban firms who have had difficulty recruiting qualified staff. Even though the salaries paid by the larger provincial firms are not that far apart from City of London ones, they still have had recruiting problems.

"There is a misconception that work and opportunities in London are greater than elsewhere," says Mr Morrison. "There is a belief that the work undertaken by the major provincial firms is somehow less interesting. The more general the practice, the more boring it is thought to be. This is, of course, complete nonsense."

He believes that solicitors are no good at selling themselves to potential staff. "The bigger ones are getting better, the smaller ones have still to learn." For them the recruitment crisis will continue.

The writer is a solicitor and editor of New Law Journal.

Simon Carne looks at multi-disciplinary practices

A spur to efficiency for protected monopolies

THE GENERAL perception is that accountants favour multi-disciplinary practices (MDPs) and lawyers are against them.

Scratching beneath the surface of this superficial analysis, one usually finds a more interesting split. It is this: accountants have no real desire to form MDPs with *other* professional firms but want to be *free* to do so. Lawyers, on the other hand, do not just reject MDPs but wish to be barred from entering into them.

Accountants are only human. They dislike being told they cannot do something, even if they do not want to do it in the first place. They might want to one day, so it would be as well to make it lawful now.

Lawyers are equally human. When they disapprove of something, they like it to be prohibited by force of law.

It is interesting to note that accountants already do tax, *insolvency, trust, financial ser*-

They dislike being told not to do something, even when they don't want to do it

vice and data protection work – all quasi-legal areas. Is one of the differences that accountants already do quasi-legal work but lawyers do not do quasi-accounting work?

We tend to talk of MDPs as though they were all of one type but they are most certainly not. At the very least, there are the following four, distinctly different, forms of MDP:

a) a firm where members of a profession *enter into* partnership with individuals who are not members of a regulated profession, *eg* accountants and computer consultants;

b) a firm whose partners come from more than one regulated profession but one professional clearly dominates, *eg* 200 accountants and five actuaries; this is akin to the multi-capacity practices described in the Marre report;

c) a small firm of niche practitioners made up of more *than* one profession in proportions which do not leave any one profession in a dominant position, *eg* a handful of *lawyers* and accountants in partnership giving mergers and acquisitions advice;

d) a firm *which* is clearly a market leader in *two* regulated professions, such as would arise if there were a merger between one of the top firms of accountants and a top firm of solicitors.

Legally, of course, it would be virtually impossible to legis*late that* two professions might intermingle in one partnership so long as the resulting form was not a market leader in both fields. But in economic (or "market") *terms, the distinc*tion is important.

There would be a major effect on competition and choice – not to mention conflicts of interest – if the top law firms and the top accounting firms were one and the same. That would not be true if there was one – or even 100 – *small* firms of accountants and lawyers.

So what is it that the accountants want and the lawyers *want to ban?* In all probability, two different things.

The accountants already have forms of MDPs which they share with non-regulated professions (in large numbers) and regulated professions (in small numbers). All of the major accounting firms have associated management consultancies. Some of the consultancy partners are also accountants, but most are not.

The majority of the management consultants are computer professionals, human resource consultants, operations experts and the like. Some of these *groups are members of another* professional body. All of them practise as "professionals" aspiring to the highest standards, but none of the activities listed above is a regulated profession.

One might have expected accountants to merge with actuaries – both professions provide financial advice. But when actuaries have merged outside their own profession, they have looked elsewhere. In *the UK, Duncan C Fraser*, formerly one of the actuarial top three partnerships, has merged with the Marsh McLennan group, an insurance broking house.

The leading American actuarial practice, Towers Perrin, took a different direction. It went into compensation consultancy, thence into human resource consultancy and more recently acquired a firm of *strategy* consultants and a firm of specialist insurance management consultants. The result: one of the four largest management consultancies worldwide and the largest in the field of human resources.

So what is the way forward for lawyers and MDPs? The evidence is that few lawyers (if any) at present want to see a mega-merger between law firms and those of other regulated professions. Perhaps the *law firms* have more to lose, at least in the short term.

City law firms seem to be more profitable than the very big accounting firms (if *The*

City law firms seem to be more profitable than the very big accounting firms

Economist's recent estimates are anything to go by). Yet, ironically, their management is less sophisticated and their partner-to-staff ratios much *higher* (typically one-third or one-quarter of fee-earners in a law firm are partners but one-tenth in accounting firms).

Law firms barely invest in training (although that is starting to change now) whereas accountants spend 10 per cent of fee income on training. *Information* Technology dominates the big accounting firms, but is only now beginning to make an impact on law firms.

If a mega-merger with the accountants is not wanted, perhaps lawyers might consider opening their doors to other *professionals* so that law firms can expand the range of their services. At least one *major* law firm owns a pensions/share schemes/compensation consultancy.

The *ability to flex* their muscles in other areas might also enable smaller firms of solicitors to meet the threat from the licensed conveyancers. It is a matter of some concern to an "outsider" that the most often quoted argument for retaining the conveyancing monopoly is that solicitors could not afford to provide the less profitable services (usually cited as trust and probate) unless they had the more profitable conveyancing work to make the business worthwhile.

This argument is deeply worrying. There is, of course, nothing wrong with one part of a business being more profitable than another. It is almost inevitable. But why should house purchasers be *compelled to* subsidise other legal services? It is worth noting that the one protected area of accounting work – the company audit – generates the lowest fee rates and is fiercely competitive.

In order to generate adequate profit to justify investments, the accounting firms are forced to be ever more efficient so as to extract the maximum economic return from the lower fee rates.

The lesson seems to be that accountants and actuaries have used MDPs (or multi-capacity practices, using Marre's definition) to expand the range of their services and as a spur to improve efficiency in their protected monopolies. Lawyers *might like to give it a try.*

The writer's career has been multi-disciplinary. He leads the Litigation Support Unit in Ernst & Young, is an actuary by profession and spent seven years as a management consultant.

Celia Hampton on the future of the not-so-big firms

Why the size-for-size's sake argument is wrong

IF YOU ask two lawyers a question, it is said, you will get three answers. If you put an idea to a lawyer, you will certainly get "corrected" (*ie* contradicted) immediately.

Add the smokescreen thrown up by the public relations trade — now widely used by lawyers to promote "practice development" (sales) — and it is impossible to discover whether lawyers have any opinions in common with each other at all. What ranks as a "medium-sized" law firm depends entirely on whom you ask.

Classification by size is a matter of comparison: beside the City giants, firms of 100 lawyers are medium-sized, but they are large in terms of the UK average, and gigantic in comparison with their continental counterparts. Perhaps the medium-sized firm is better defined in terms of management and philosophy than in numbers.

It has to be big enough to have an organised business structure, but small enough for each partner to have a say in how the firm is run and to know all his or her colleagues well, both personally and professionally. At a certain point, the numbers in a partnership will bring on a corporate, departmentalised structure. Few of the smaller partnerships relish this prospect. They know that clients also value the personal touch very highly.

There is a measure of snobbery about size — but some market leaders are not large

Too much work, even if it means more money, may make it impossible for them to maintain the relationship. There is a measure of snobbery about size: the biggest fees come from corporate finance (takeovers, share issues and so on) and commercial property. Corporate finance calls on a variety of legal skills and often has to be done at speed, so it needs a biggish *legal staff*. *Ergo*, say some lawyers, there is no future for firms that are not big enough to do it.

This is wrong: firms of quite modest size are among the market leaders in the field — Travers Smith Braithwaite, for instance, which has 31 partners, against 100-200 in the big City firms. "Aha," they will say, "TSB is an exception. It was a City practice long before the Big Bang." True, it has been a neighbour of the City institutions for two centuries, but it also proves that sheer numbers are not a pre-condition for doing corporate finance.

Nor is presence in the City absolutely necessary: it all depends on where the merchant bank is. The Southampton office of Boodle Hatfield recently handled a management buy-out worth about £9m, with the local branches of 3i as merchant banker and Price Waterhouse as accountant. Boodle Hatfield is admittedly a London-based firm, but is neither big (37 partners) nor in the City.

But the size-for-size's sake argument is also wrong because servicing the commercial needs of business is comfortably lucrative. Everyone competes to do this work, including the mega-firms. They do not always win the competition. Many firms which are small to medium in numbers are highly flexible and entrepreneurial, and some of their efficiency is due to the direct personal involvement of their members.

Apart from the idiosyncratic work all law firms have from the neighbourhood, historical associations, or perhaps an individual solicitor's hobby, medium-sized firms need a core business. As a very broad generalisation, they can go in one of two directions: either offer a comprehensive general practice for the smaller client, passing on the benefit of lower overheads in lower fees, or develop a special skill, whether in a particular field of legal practice or in a particular business.

The first option, adapted to the business client, enables firms to serve local companies which like to deal with someone they know. Legal expertise may sometimes get stretched, but there are ways of handling the overload — a referral network, for instance, or instructing a barrister.

Commercial property is the plum in this pudding. It comes in all shapes and sizes, is geographically diffuse and draws on the solicitor's traditional conveyancing skills. Although it needs some specific expertise, law firms of all sorts can, and do, do it.

The second option is called a "niche" or — worse — a "boutique" practice by those who disparage the smaller law firm. Since it is usually the result of analysing the market and the particular strengths of the lawyers in the firm, it is altogether sensible.

A firm's specialisation may be in a particular legal field, such as libel or patents, or in a particular business, for instance shipping or insurance. The firm will be familiar not only with the relevant legal issues, but also with the commercial practices of the client's business which a lawyer, as such, will know nothing about.

Piper Smith & Basham is an eight-partner London firm which has this sort of specialisation in the travel industry. Its clients include most of the major tour operators and, although it began by conducting only their litigation, the firm now handles much of their commercial advisory work and some of their corporate work as well.

Size alone is certainly no impediment to this part of the practice, since personal contact is much prized by the clients. Nor is it a problem for the firm's other main activity, commercial property. There would undoubtedly be work for a few more lawyers, but the firm sees no need to be larger just for the sake of it.

Fishburn Boxer is a London firm specialising in insurance work, with emphasis on professional indemnity and international insurance disputes. Mr Clive Boxer, one of the partners, is confident of the survival of the medium-sized firm which offers a first-class service in a relatively narrow field. He puts no value on size as such. The aim is quality, not quantity.

Success inevitably brings some pressure to grow, and finding new staff can be a headache. At one time, there was talk about "having to" merge with other firms to survive, as if law firms could operate only with a large enough fleet of lorries. But a merger between law firms is like setting up in partnership: if the partners get on well and complement each other's strengths, it is a splendid idea. If not, it may well be a disaster.

Paradoxically, it may be easier for the big firms to merge than the medium-sized ones. Either way, it is hardly wise to pursue it as an abstract goal.

The odds against a decline in the overall ranks of lawyers continues to be overwhelming.

If the partners get on well, a merger between law firms can be a splendid idea. If not, it may be a disaster

The demands of the business community are set to grow in the highly regulated world of the 1990s. Even legal aid work can be made to pay if the law firm adopts business-like work methods, as is shown by the success in doing this of the Liverpool firm, Goldrein Deacon Green.

The medium-sized firm starts with advantages which should not be under-estimated. There is a story of a property developer with a £10m site who *shopped around for a lawyer*. He got quotations ranging from £30,000 to £150,000, and one very big firm which declined to quote for such a small job.

The developer chose the firm quoting £30,000, for which it was a substantial deal, and got the full personal attention of a partner with many years' experience. The job done, both sides were wholly satisfied. The law firm had earned a good fee and the developer had saved up to £120,000 — not a bad start for a lasting professional relationship.

Jonathan Lux explains the work of the Commercial Court

Redress for foreign plaintiffs

THE TRADITIONAL concept of *the wheels of justice grinding* exceedingly slowly is one that is rapidly dispelled by examining the work of the Commercial Court in London.

It is at its most effective when it comes to the immediate interlocutory orders which can be obtained — for example, for the preservation of assets ("Mareva" injunctions) and the seizure of documents and other records ("Anton Piller" orders).

Remedies of this sort — for which one can approach a judge at almost any hour of the day or night — go a long way to ensure that the necessary evidence is in place for a fair trial and that funds are preserved to meet any judgment.

With some 2,000 actions each year, more than half brought by foreign plaintiffs and concerning disputes which will have no English connections at all, the court's workload is handled by a team of no more than 10 High Court judges, of whom a maximum of six will sit to hear commercial cases at any one time.

As few as five firms represented as many as 49% of plaintiffs

In 1895 a "Notice to Commercial Causes" provided for a "separate list of summonses in commercial causes (to) be kept at chambers" and for a High Court Judge to "*sit de die in diem* for the despatch of commercial business."

In fact, the Commercial Court has had a separate statutory existence only since 1970, although things have progressed considerably over the past 20 years.

Since 1980 the workload of the court has, in terms of the number of actions undertaken, more than doubled. While there is no hard and fast definition for the kind of business that might *fall* within the court's jurisdiction, and that which should be referred elsewhere, the main fields of activity involve disputes relating to the shipping industry, insurance and reinsurance, the international sale of goods, and banking.

Aside from the specialist judges — and the continuing growth in the court's workload is a clear reflection of the respect in which they are held world*wide — who else practises in the Commercial Court?*

The Civil Justice Review, carried out by the Lord Chancellor's Department, which finally reported late in 1986, presented, *inter alia*, some significant statistics on the work of the Commercial Court.

The report noted that those appearing before the court were mainly from the specialist Commercial Bar (approximately 140 regular practitioners) and were instructed by a core of some 30 solicitors' firms. Analysing the degree of specialisation in the Commercial Court, the report revealed that as few as five firms represented as many as 49 per cent of plaintiffs — that is to say, only five firms were responsible for virtually half of the Commercial Court actions commenced during the period under review.

This concentration was rather less marked when it came to the representation of the defendants where, nevertheless, the same five firms shared about 25 per cent of the work.

In comparison, figures relating to Commercial Court judgments from November 1987 to the present show that during this period the top four firms were involved in nearly 80 per *cent of cases, acting for one* party or the other. These firms were: Ince & Co in 8.2 per cent of cases, Clyde & Co 7.3 per cent, Holman Fenwick and Willan 6.8 per cent and Richards Butler 6.4 per cent.

Involvement in pending actions, the great majority of which are settled or otherwise disposed of prior to trial, shows the same four firms involved in something over 30 per cent — an indication perhaps that they better the national average for resolution short of trial!

Over 50 per cent of the court's business involved shipping disputes of one sort or *another* and, according to the Civil Justice Review, some 64 per cent of the plaintiffs in these cases are foreign.

Thus, it appears that the *Commercial Court and those* who practise in it are providing an unparalleled service to the international business community and, in doing so, are reinforcing London's status as a major international centre of commerce.

A number of factors — the quite recent *right for lawyers* to publicise their services, "Big Bang" and the subsequent flurry of corporate activity — has led to a trend towards mergers and acquisitions among solicitors which might be interpreted as signalling the onset of "one stop shopping."

Notwithstanding the emergence of "mega" firms in the corporate field, it is not they who dominate the scene when it comes to Commercial Court work. The specialist field of international commercial litigation is clearly not a matter for the general practitioner but, rather, for the specialist litigators who are familiar with Commercial Court practice and who have detailed knowledge and experience of the client's operations.

While the 1990s will inevitably present fresh challenges, the specialist practices, variously described as "niche" operators or "boutique" practices, need have no doubt about their ability to compete with the big battalions.

Commercial Court judgments, of course, represent only part of the overall picture *and the work of leading* specialist solicitors' firms will extend beyond Commercial Court practice. Often, marine and commodity disputes will be referred to arbitration and only a minority of these will come to the attention of the Commercial Court following application for leave to appeal.

Perhaps most challenging, and sadly all too common of late, are requests to advise in respect of international casualties, mainly marine and aviation. The specialists involved, on both sides, may well achieve the result whereby litigation is avoided altogether or, if commenced, that it be resolved short of coming to trial.

Most significant, however, is the fact that such major considerations are referred to London in the first place: it is a demonstration of the respect in which the international business community holds the *corpus of commercial* law, developed and practised by the small band of judges, barristers and solicitors in the Commercial Court.

The writer is a partner in City solicitors Ince & Co.

Lord Donaldson, Master of the Rolls (above), whose comments at the Bar Conference on solicitors' rights of audience in the higher courts seemed to reopen wounds that Lord Mackay, the Lord Chancellor (below) wishes to heal

INSIDE

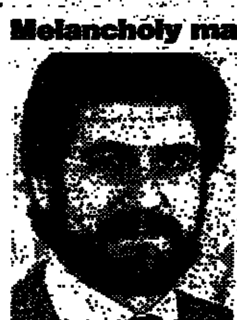
Big test for market reform

The financial world's latest contribution to obscure jargon is circuit breakers. Basically a means of calming fast-falling markets through a halt in trading, they were among the more visible aspects of reform in the wake of the 1987 stock market crash. Katharine Campbell reports on how the system introduced somewhat unwillingly by a group of beleaguered US securities and derivatives exchanges fared in its first big test a few days ago. Page 25

Forging ahead

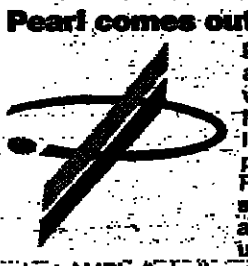
Mr Yves Paternot has nailed his colours to the mast. He aims to create one of the world's largest services groups from the merger of the temporary employment agency Adia and Mr Werner Rey's Inspectorate company. And the managing director-designate of the merged group intends to depart from traditional Swiss corporate practices in doing it. William Dullforce reports. Page 20

Melancholy man at sea



"In Madrid I am a traitor. In London I am a spy. In fact, I am a melancholy man," says Mr Manuel Marin (left) with only a trace of self-deprecating humour. Son of a Castile judge, a lawyer by academic training and secretary of state for Relations with the European Communities during Spain's accession negotiations, he now finds himself in choppy waters over his plan for European Community fishermen to sail out to sea accompanied by electronic "spies in the cabin". Tim Dickson and Bridget Bloom look at the man behind the proposal designed to halt the ever-increasing depletion of the Community's fish stocks. Page 34

Pearl comes out of its shell



Pearl Group, the UK life assurance company which is facing a £1.1bn hostile bid from Australia's largest life company, Australian Mutual Provident, yesterday stressed its performance as an investment in urging shareholders to reject AMP's "wholly unacceptable" offer. In its defence document posted to shareholders yesterday, Pearl claims that it has provided "outstanding returns to shareholders" and that it is being innovative within the changing UK life insurance market. Page 26

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			[illegible]	1150	+ 89.5
Rises			[illegible]	1195	+ 106.7
BASF	278	+ 8	[illegible]	344	+ 23.1
Bayer	287	+ 8	**Falls**		
Beiersdorf	645	+ 17	Legrand	1840	− 58.1
Daimler Benz	725	+ 15	[illegible]	705	− 14.7
Deutsche Bk	681.5	+ 15.5	**TOKYO (Yen)**		
Falls			**Rises**		
[illegible]	288	− 22	[illegible]	1310	+ 120
NEW YORK ($)			[illegible]	3870	+ 320
Rises			[illegible]	[illegible]	[illegible]
American Exp	37⅞	+ 1	[illegible]	3500	+ 500
[illegible]	[illegible]	[illegible]	[illegible]	1550	+ 180
[illegible]	[illegible]	[illegible]	[illegible]	3160	+ 270
[illegible]	[illegible]	[illegible]	**Falls**		
Falls			[illegible]	3600	− 470
[illegible]	31¼	− [illegible]			
PARIS (FFr)					
Rises					
CCF	1200	+ 190			
LONDON (Pence)					
Rises					
Britannic	577	+ 13	[illegible]	495	+ 19
[illegible]	639	+ 10	[illegible]	579	+ 10
Cable & Wire	495	+ 10	Royal Ins	495	+ 15
Costain Bros	254	+ 18	[illegible]	391	+ 25
Highland Dist	345	+ 19	Sun Life	1158	+ 60
[illegible]	216	+ 8	[illegible]	885	+ 25
Jaguar	877	+ 4	Vickers	230	+ 3
[illegible]	300	+ 9	Whitbread	243	+ 21
Marks & Spen	193	+ 7	**Falls**		
Pearl	538	+ 10	[illegible]		
Polly Peck	300	+ 10			
RMC	641	+ 19	Grand Met	541	− 4

Hays issue is an 8% flop

By **Clare Pearson** in London

THE Hays' share issue, the biggest flotation of a non-public sector company in recent years and one which had been seen as an important test of investors' appetite for such paper, has turned out an undoubted flop.

Only 8 per cent of the shares available in the £166m ($249m) new issue for the UK business services group were taken up as British investors shunned the offer for sale amid this week's stock market turmoil.

By yesterday morning's deadline, applications had been received for just 13.7m of the 169.2m shares on offer in the £282m flotation.

Mr Gerry Grimstone, the director of J Henry Schroder Wagg, the merchant bank advising on this flotation and the advisers to the UK Government for the forthcoming flotation of the public water companies, said yesterday he did not expect the Hays result to have an adverse impact on the water issues.

Early last week, only days ahead of the recent sharp falls in world financial markets, a price of 105p was set on the shares being sold.

Mr Ronnie Frost, Hays' chairman, said yesterday it was "obviously unfortunate" that movements in the market should have affected the flotation. But, he added: "The board remains confident of the value of its business and that this will be recognised by the market."

Before the nervousness in the UK stock market intensified early this month, Mr Frost had said he was hoping to sell the shares at a price of as much as 140p each.

Virtually all of the big group of investing institutions which undertook to subscribe for Hays' shares during last week's sub-underwriting of the issue refrained from applying for more.

Some 4,000 members of the public, together with employees of the company, accounted for all of the applications.

Hays and its investors and underwriters now face a nervous week ahead of the start of stock market dealings next Thursday as they wait to see whether the shares begin trading above or below the issue price.

Followers of the flotation said the outcome, in the main arising from market sentiment, was likely to have been affected by other factors as well.

But it was pointed out that in spite of what was described as a lower than planned share price, the issue was seen in the market as keenly priced even last week.

This meant investors could see little prospect of an attractive premium at the start of dealings.

Additionally, increasing concerns about a downturn in the UK economy may have affected attitudes to Hays' overwhelmingly domestic earnings, and in particular its involvement in certain businesses such as chemical distribution and staff recruitment.

Mr Grimstone said the outcome cast light on the London sub-underwriting system for large offers. "The sub-underwriting institutions totalled in excess of 200. That did not leave many others to take up the shares once they had decided they did not want to increase their risk on the issue price," he said.

Meanwhile, today marks the close of the UK offer for sale for Euro Disneyland, the operating company for the US leisure group's planned French theme park. It is expected to have met strong demand.

Two more UK rights issues have been spurned by investors, with fewer than 20 per cent of shares on offer being taken up at Wace Group, a pre-press services company, and Acsis Group, a marketing concern.

However, nearly 97 per cent of Polly Peck International's £283m rights offer was taken up. The success of the trading group's offer reflected a sharp rise in its share price after the rights issue was announced because of market acclaim for its $875m purchase of Del Monte's global fresh fruit business.

Lex, Page 18; **Rights issue details, Page 29**

Strong recovery continues at BankAmerica

By **James Buchan** in New York

BANKAMERICA, the San Francisco banking group that almost failed in the mid-1980s, yesterday reported strong growth in earnings in the third quarter. This was thanks to booming interest income and strikingly low domestic credit losses.

The company, which is going through the biggest recovery in US banking history, said net income, at $254m or $1.16 a share, in the third quarter was 34 per cent higher than in the September quarter of 1988.

The strong third quarter brought earnings at the nine-month stage to $833m, up 81 per cent on the first nine months of 1988.

Earnings per share were up 70 per cent at $4.07.

The results, which were struck before the chaos caused by the San Francisco earthquake this week, return the bank to levels of profitability and capital strength it has not enjoyed for years. It earned 1.14 per cent on its assets and 22 per cent on its equity in the quarter.

BankAmerica's shareholders' equity amounted to 5.33 per cent of its total assets on September 30.

Mr A. W. Clausen, chairman of the bank, said: "The quarter's results reflect continued strong performance in the fundamental areas of our business, particularly in consumer and residential mortgage loans. Net credit losses were low during the quarter, capital and reserve levels increased, and expenses continued to be effectively controlled."

The key to the performance was the success of intense loan marketing, with loans up 8 per cent in the quarter on an annual basis.

Net interest margin, the difference between the rate on loans and the cost of the money to fund them, widened sharply from 3.91 per cent to 4.52 per cent. Even so the rate of credit losses, declined from $38m in the third quarter of 1988 to just $24m.

BankAmerica's main problem, like many other old-line US money-centre banks, is a pile of bad loans to Third World governments. On September 30, non-accrual assets, that is loans not collecting interest, were $4.07bn, down from $4.61bn in September 1988. Within that total, domestic bad debts fell sharply from $1.53bn to $1.14bn.

BAT starts to buy back its shares

By **Nikki Tait** in London

BAT INDUSTRIES ordered its stockbrokers into the market yesterday to start buying its shares, after an extraordinary general meeting of its shareholders approved the buy-back programme and one of the largest corporate restructuring schemes ever proposed by a British company.

By mid-afternoon 2.5m BAT shares had been acquired at 785p. These shares will be cancelled. BAT says it will go on buying today, subject to price and availability of shares – but will then call a halt until after the third quarter results have been released on November 22. Yesterday, in the wake of the buy-in, BAT shares rose 27p to 783p.

BAT's shareholders overwhelmingly supported the tobacco-based conglomerate's plans to slim its business from four divisions to two, via a series of big asset sales and disposals. The restructuring proposal had been put forward in response to the £13.5bn ($21.3bn) takeover bid threat from Sir James Goldsmith's Hoylake consortium.

The two motions were passed on a show of hands at the packed meeting. A solitary voting card was waved in opposition.

BAT chairman Patrick Sheehy speaking at yesterday's meeting of shareholders
Paul Murphy

It was with some relish that Mr Patrick Sheehy, chairman of the *conglomerate, responded to one* shareholder's query about the proxy position. "I have 560m shares in favour," he declared, pausing to let the numbers sink in, "and 160,000 against."

None of the Hoylake principals – Mr Jacob Rothschild, Mr Kerry Packer or Sir James himself – were present at the meeting, held at British American Tobacco headquarters on London's Millbank. Hoylake had already made clear that it would vote its own 1.25 per cent stake in favour of the BAT scheme.

Yesterday's meeting was the small shareholders day, and they had plenty to say after the BAT chairman had argued the plan's merits.

"You've done a dammed good job," said one shareholder to an appreciative Mr Sheehy and heavy applause.

But another shareholder suggested that they were being asked to take the value of BAT's proposals on trust, and wanted to know Mr Sheehy's advice if Hoylake did, indeed, come back with a new cash bid. One German investor also called for the disposal of the US insurance interests on the grounds that they were effectively a bid-deterrent, and hence depressed the value of the group's shares.

While Sir James was absent, there was no restraining his distant cousin, Mr Antonio Von Marx, who has been suggesting that shareholders should call an egm to fully demerge BAT's interests. Mr Sheehy was having no truck with dissidents. "This is the last question I'll take from you," he remarked tartly, when Mr Von Marx rose for a second time.

But all in all, the egm took barely an hour and, counting in the shares voted in the meeting, BAT reckoned that more than 40 per cent of its shares had been voted in favour of the scheme. Now, the spotlight moves back to Hoylake and the US regulators.

Lonrho buys 15% of French trader

By **William Dawkins** in Paris and **Clay Harris** in London

PARIBAS, the French investment bank, and Lonrho, the UK-based international trading group, yesterday led a FFr1bn ($160m) capital injection for Scoa, the loss-making French trading company.

Lonrho is buying half of Paribas' 30 per cent stake in Scoa, which at the same time announced a FFr720m rights issue plus a FFr270m issue of convertible warrants.

Paribas has been looking for some time for a partner *for its* controlling stake. It welcomed Lonrho because its activities complemented Scoa's.

Scoa employs 10,400 people and holds direct and indirect control over more than 100 businesses in Africa, which accounts for one third of turnover; the Far East; Australia; the US and Europe, with combined 1987 sales of Fr11.7bn.

The deal accompanies a heavy restructuring programme. Scoa will end *its* fishing activities in the Ivory Coast and its bicycle sales operation in the US.

The price Lonrho paid for its stake in Scoa was not disclosed. Scoa's pre-*rights* market value was Fr869m, suggesting that a 15 per cent holding would be worth Fr130.3m.

The controlling 30 per cent stake has been transferred to Holding Franco Britannique, a new 50-50 venture between Paribas and Lonrho. HFB will take up at least its 30 per cent proportion of the rights issue, but will be seeking to buy additional *shares if possible.*

It has Bourse approval to go as high as the 72 per cent level which would be reached if no other shareholders took up their rights. That is unlikely since the three-for-two issue is priced at FFr36 compared with Scoa's market price of FFr63.

Lonrho said the link with Scoa had the potential to become as important as its trading joint venture with West Germany's Krupp.

Scoa controls CPU Computers, a UK computer peripherals distributor traded on London's Unlisted Securities Market.

Murdoch invests in finance firm

By **David Lascelles**, Banking Editor, in London

MR Rupert Murdoch, well-known for his complaints about the service he gets from merchant bankers, is to put part of his considerable personal fortune where his mouth is.

In suitable pin-striped attire, the media magnate emerged at a City of London launch yesterday as one of the backers of a new firm, Marriott Moore, which is being set up as "a personal friend" to advise entrepreneurs, particularly Australians who want to spread their wings abroad. People, in fact, just like Mr Murdoch himself. Indeed, Mr Murdoch's private family holding company will also be one of its first clients.

Along with five other leading lights in the business world, all "hand-picked", he is subscribing £1.25m ($1.97m) to get the firm going. "*I liked the idea of a personal* friend – a discreet, private, service-driven financial operation," he proclaimed.

"We use a lot of merchant banking services, but a lot of it is deal-driven. Merchant bankers have many skills, but they use them to help you do a deal, not to advise you on whether you should actually do a deal."

The merchant banking cachet for the new enterprise is being provided by Mr Rupert Hambro, scion of the City merchant banking dynasty who broke away from the family bank three years ago to set up his own business, J.O. Hambro Magan.

Other backers are Mr Garner Anthony, chairman and chief executive of Cox Enterprises, the US media group; Mr Ian Beaurepaire, director of Pacific Dunlop, and Messrs Ken and Baillieu Myer, respectively director and deputy chairman of Coles Myer, *the Australian retailer.*

The impetus for the project came from Ms Patrice Marriott, an Australian corporate lawyer, formerly with Elders IXL. She, along with Mr Patrick Moore, who used to be a corporate finance director at Elders, will be the new firm's principals.

Ms Marriott claimed that the substantial capital which her firm had raised – much more than its immediate needs, and locked in for five years – would enable it to stand back and resist pressure to do deals to pay the rent. She sees opportunities for her clients in Europe, the US and, increasingly, the Soviet bloc.

Marriott Moore is the latest of a string of boutiques – though they all avoid the word – which have been set up in London as a reaction to the strong concentration of corporate finance in large financial conglomerates at the time of the Big Bang two years *ago. All highly specialised,* they trade on the fact that they have no ulterior services to sell.

Coloroll revises disposal plan

By **Jane Fuller** in London

COLOROLL, the UK home furnishings group, has abandoned *plans for a complete disposal* of its carpet distribution subsidiary and decided instead to retain a 29.9 per cent stake in a deal which underlines the more difficult conditions facing leveraged buy-outs in the sector.

As a result, the partial sale of Coloroll's MCD Group subsidiary raises much less, initially, than Coloroll had hoped.

To finance the transaction, financial backers led by CIN Venture Managers, the venture capital arm of British Coal and British Rail pension funds, will pay an initial £39.5m ($59.2m) in cash and issue a £3.5m note payable in March 1994.

Taking into account a one-off £8.8m cash dividend paid to the seller, the deal initially values MCD at just over £70m, compared with the £80m-£100m range which Coloroll predicted in August after a proposed management buy-out for £90m failed to proceed.

However, if MCD meets certain profit targets for the two years to March 1991, Coloroll will receive up to £17m more, putting a value of £94.4m on the business.

Mr Eric Kilby, deputy chairman and group finance director, said yesterday that Coloroll had turned down the management's earlier offer for the whole business because it believed there might be difficulty in raising finance.

He said there was more value in the present deal, especially through the retention of the 29.9 per cent stake. The sale would reduce Coloroll's indebtedness, the target being to cut gearing to about 55 per cent by March 31.

Mr John Brown, deputy managing director of CIN, said the "geared institutional purchase" comprised £16m equity fully underwritten by CIN, £14.5m of senior debt and £15m of mezzanine finance underwritten by *Intermediate Capital Group and* Samuel Montagu.

MCD's management would initially have 7 per cent of the equity with the opportunity to raise their stake to 10 per cent over five years, according to performance.

The profit targets which will determine whether the extra £17m is paid have not been disclosed. Mr Kilby said: "They are not unrealistic in relation to past and current performance. It's a profitable company."

In the 15 months to March 31, MCD had sales of £115m and earned pre-tax profits, before exceptional items, of £10.3m. Net assets at that date were £28.5m.

Mr Graham Motteram, MCD managing director, was confident that the projections could be met. At the moment, the company was matching last year's figures.

INTERNATIONAL COMPANIES AND FINANCE

CGS seeks to raise FFr10bn for expansion

By George Graham in Paris

MR SERGE Kampf, founder and controlling shareholder of Cap Gemini Sogeti (CGS), has unveiled plans for raising a FFr10bn ($1.59bn) war chest and turning his company, already Europe's largest computer services group, into a world leader.

The plans involve reorganising the shareholding structures of CGS and of Sogeti, the holding company which owns 51 per cent of its capital and of which Mr Kampf himself owns 51 per cent.

By the creation of a third tier holding company, to be named SKIP, Mr Kampf will be able to dilute his holdings in Sogeti and in CGS without losing control of the group.

"We had the problem that the slightest capital increase risked diluting my holding. The situation was completely blocked," Mr Kampf said yesterday.

Mr Kampf said that the plans had been agreed to by CGIP, the holding company of the Wendel family which is the other main shareholder in both Sogeti and CGS, and which will take 49 per cent of the new SKIP company.

This will allow Sogeti to raise up to FFr2bn of fresh equity without Mr Kampf losing control. Since Mr Kampf will also transfer some of the shares he holds directly in CGS to Sogeti, CGS could in turn raise up to FFr2.8bn more in new equity without Sogeti losing control.

On top of this, Mr Kampf estimated that the group could borrow at least as much as it raised in equity, putting around FFr10bn at its disposal for investments and, especially, acquisitions.

CGS has over the last five years increased its turnover at the rate of 26 per cent a year and its net profits at the rate of 33 per cent a year.

It has carried out a steady stream of acquisitions mostly of small, privately owned computer service companies, but Mr Kampf said the group wanted to be ready to take opportunities for larger acquisitions.

"We wanted to show you that we have the means to carry out our ambitions," he said.

Mr Michel Jalabert, development director of CGS, said that the computer services market was changing rapidly.

"We believe the services market will soon be significantly different. If we want to be leader, we have no choice, we must reach a larger dimension."

Olivetti launches computer range

By Alan Cane in Brussels

OLIVETTI, the Italian manufacturer of computers and office equipment, yesterday reaffirmed its claim to leadership of the European small computer industry with the launch of a family of high performance machines based on the world's most powerful microprocessor chips, the Intel i486 and i860.

The new computers, designed in Olivetti's US technology centre in Cupertino, California, bridge the gap between small personal computers, high powered work stations for engineers, and minicomputers of the kind used in businesses.

They are expected to restore the Italian company's reputation for innovation in computer design after several disappointing years.

Mr Vittorio Cassoni, Olivetti Group managing director, said after the launch that the new computers, the CP 486 family, were critical to Olivetti's future: "They will sustain in a very significant manner our growth next year," he said.

Last month, Olivetti reported a fall in profits for the first half of the year, the result of a combination of technological and commercial trends which is changing the fundamental structure of the industry.

Most computer companies had been reporting similarly disappointing figures.

The new machines, Mr Cassoni said, are designed to exploit these trends and secure Olivetti's competitive position.

They are based on a controversial new design, called Extended Industry Standard Architecture (EISA) which a number of major manufacturers are supporting, in direct competition with International Business Machines (IBM) the world's leader in computer systems. It favours its own design called Micro Channel Architecture (MCA).

Olivetti is claiming to be the first manufacturer to launch machines featuring both the i486 and EISA.

Olivetti's new machines, which it calls "Computing Platforms" cost between $16,250 and $18,500.

Adia makes light work of expansion plans

William Dullforce on a Swiss scheme to create one of the world's biggest service groups

MR Yves Paternot, the managing director designate of Adia, has nailed his colours to the mast.

He aims to create one of the world's largest services groups from the merger of the temporary employment agency of the same name and Mr Werner Rey's Inspectorate, the quality control and security services company. And he intends to depart from traditional Swiss corporate practices in doing it.

After the exchange of shares and the capital increase, which should be approved by shareholders of the two companies at the end of next month, Mr Paternot will have at least SFr1bn ($600m) available to start his expansion.

Moreover, Adia is navigating on a new course for Swiss companies, having renounced its right to include on its register – and thereby allow to vote – only those shareholdings it deems fit.

Adia will issue only one category of bearer share with voting rights, freely available to foreign investors. Nestlé put a cap of 3 per cent of total stock on individual shareholdings, when it opened its registered shares to foreign investors last year.

In contrast, Adia will depend on its share price and performance for defence against takeover bids.

Mr Rey, who held 53 per cent of the voting rights in Inspectorate at the beginning of the year, will control only 25 per cent of Adia. The management group which owned 40 per cent of the votes in the old Adia, will have 11 per cent in the merged group.

At last week's stock exchange price Adia's market capitalisation works out at around SFr3.8bn, of which SFr8bn is for the bearer shares. The difference is made up of non-voting participation certificates, no more of which will be issued.

Casting overboard the traditional Swiss barrier to takeovers leaves Mr Paternot unperturbed. Companies obsessed with keeping control are too rigid and have difficulty expanding, he argues.

"Our best protection is the share price. As long as the multiple is high, we shall not tempt buyers," he says. On Adia's projected 1989 profit, the current price/earnings ratio is just under 16 for the existing Adia stock and higher for Inspectorate. As Mr Paternot sees it, the five-man management group controlling the present Adia took a fundamental decision when going for the merger with Inspectorate.

Instead of holding out for control they opted for corporate growth at the cost of diluting their own interests. But, he hastily adds, their primary financial focus will be on net earnings per share.

Analysts have generally welcomed the Rey-Paternot partnership as injecting a gust of fresh air into the Swiss corporate world. Their differences are seen as complementary.

Mr Rey is the outsider with a reputation for slick financial deals who began to win acceptance by the establishment after playing a crucial part in resolving the takeover battle for Sulzer Brothers, Switzerland's third biggest engineering concern.

Mr Paternot's background is establishment, the grandson of a former managing director and son of a director of Nestlé, a graduate in engineering from the University of Lausanne capped by an MBA from the Harvard Business School.

He built up a reputation as a brilliant manager with Adia, contributing largely to its establishment in the US and Japan which helped it to reach second place behind Blue Arrow/Manpower in the world temporary employment business.

Mr Rey clearly pins his hopes for the merged Adia on Mr Paternot's managerial skills. The pre-merger Adia achieved 1988 net earnings of SFr95.5m while Inspectorate reported SFr109m.

Projected group turnover for 1989 is SFr5.6bn to SFr5.8bn with net profits, deducting merger expenses, expected to fall within the SFr240m to SFr255m bracket.

By the end of 1990 the new Adia may have changed shape. Inspectorate's computer leasing business, divided between the US and Europe, will account for SFr1.8bn to SFr1.9bn of 1989 turnover.

The US business is not for sale but Wasserstein Perella's London office is currently evaluating plans for Meridian International, its European operation. This could be sold or attached to a partner, a bank or insurance company, which could help with the funding.

After a couple of difficult years while it was being integrated, the European operation has returned to the black and Mr Paternot seems to be in no hurry to decide on its fate. It could be worth more in a sale or joint venture, if the 1989 results confirm the profit trend.

Harpener, Inspectorate's West German property company, has already been sold to Mr Rey's Omni group in a deal which generated more than SFr600m in cash and SFr215m in convertible bonds. Part is being used to run down debt.

The core businesses left, where Mr Paternot will be looking for his growth, are the employment agency (with some SFr3bn in revenue), security services (SFr400m), inspection services (SFr380m) and engineering consultancy (SFr100m).

Geographically, expansion will probably be concentrated in areas where Adia is already strong – Europe (some 60 per cent of group turnover) and North America (over one third) but Mr Paternot also has his eye on the Far East.

"Immediate" opportunities for both acquisitions and internal growth are seen in temporary employment. In inspection and testing Mr Paternot has already pruned off shipping and travel agencies and bought a Florida soil contamination testing company. He sees prospects in construction testing and energy controls.

Growth by acquisition in Adia's employment agency has been pragmatic and incremental; companies bought mostly having annual turnovers of SFr50m or less. The new Adia is likely to stick to this approach.

Mr Paternot would like to see the group expand slightly faster than the rate of growth in its underlying markets. Thus, if personnel services grow by 10-15 per cent in a year, Adia would look for 12 per cent to 17 per cent turnover growth.

For 1989 group net earnings per share are projected to be between SFr133 and SFr141. The starting line has been drawn.

Werner Rey: reputation for slick financial deals

Metallgesellschaft takes stake in Spanish broker

By Peter Bruce in Madrid

METALLGESELLSCHAFT, the big West German metals conglomerate, has taken a 25 per cent stake in one of Spain's newly formed stockbroking companies, Bravo y Garayalde.

The price of deal was not disclosed, but Mr Heinz Schimmelbusch, Metallgesellschaft's chief executive, said yesterday it was unlikely his group would lift its shareholding.

Last July, Spain's individual brokers were forced to set up licensed broking companies as part of an effort to modernise the Spanish capital markets. Foreign investors are allowed to hold 30 per cent now and up to 100 per cent after 1992.

"We are now linked clearly and that is all we want," said Mr Schimmelbusch.

He also said the new alliance would be used to manage the possible flotation of one or more of its seven Spanish production facilities, which range from zinc mining to motor components.

Metallgesellschaft's operations in trading, engineering and manufacturing in Spain have a turnover of more than DM1bn ($540m) a year, he said.

BNL to raise capital

By John Wyles in Rome

THE BOARD of Italy's Banca Nazionale del Lavoro (BNL) yesterday took its first step towards financial reconstruction after the scandal over $3bn of unauthorised loan credits to Iraq, by agreeing to moves to raise another L2,000bn ($1.4bn) of fresh capital.

The capital increases – to be formally approved by shareholders on December 13 – will be supplied by INA and INPs, respectively Italy's state-owned insurance company and pension fund.

Each will put in L400bn as direct capital while INA will also provide a seven-year L1,200bn subordinated loan, at an interest rate which will be fixed at 0.0725 per cent above an index based on a basket of government bonds. The debenture will be considered as capital for supervisory purposes, although it will not be convertible into equity.

The recapitalisation will reduce the Treasury's stake in BNL from 74.5 per cent to 58.6 per cent. INA's stake rises from 12 per cent to 20 per cent and INPs' from 8.4 per cent to around 17.2 per cent.

UBS improves in third quarter

By William Dullforce in Geneva

UNION Bank of Switzerland said yesterday, without giving figures, that its third quarter results had showed a strong improvement over last year's.

Positive trends had continued in the commission and trading sectors with 1988 figures being substantially exceeded in some cases.

Total assets increased by SFr1.5bn ($925m) to SFr173.6bn during the quarter.

Last year it posted consolidated earnings of SFr778m ($477m).

Ciba-Geigy extends bid

By William Dullforce

CIBA-GEIGY, the big Swiss chemicals and drugs group, has extended until October 27 its C$764m (US$652m) bid for Connaught Bio-Sciences, the Canadian vaccines producer, following the difficulties the C$942m offer from France's Institut Mérieux has run into with the Canadian authorities.

The Swiss company announced on October 4 that it had decided not to submit a counter-bid to the C$37 a share offered by the French biotechnology company.

However, Mr Hans Fankhauser, Ciba-Geigy's spokesman, said yesterday that it had been decided to keep its C$30 a share offer, made in partnership with Chiron of California, on the table, while discussion on the viability of the Mérieux bid continued in Canada.

According to reports from Toronto Mr Harvey André, the Canadian Science and Technology Minister, had decided on the basis of a report from the Investment Canada Agency the Mérieux offer did not represent any advantage for Canada.

Mérieux, a subsidiary of Rhône-Poulenc, has 30 days in which to amend its offer.

Free State Consolidated Gold Mines Limited | Orange Free State Investments Limited | The South African Land & Exploration Company Limited | Vaal Reefs Exploration and Mining Company Limited | Welkom Gold Holdings Limited | Western Deep Levels Limited

Abridged quarterly and interim reports – Dividend declarations

Freegold

Issued Capital in shares of 50 cents each: 116 179 121 ordinary and 864 357 S ordinary shares

The following are the results of the company and its wholly-owned operating subsidiary, Free State Consolidated Gold Mines (Operations) Limited.

	Quarter ended Sept. 1989	Quarter ended June 1989	Six months ended Sept, 1989
Gold			
Area mined – m^2 000	1 013	981	1 994
Tons milled 000	6 573	6 535	13 108
Yield – g/t	4.21	4.10	4.15
Production – kg	27 649	26 765	54 414
Cost – R/kg produced	26 413	25 265	25 848
Price received on gold sales – R/kg	32 393	32 072	32 215
Metallurgical Scheme			
Slimes treated – tons 000	4 393	4 190	8 583
Uranium oxide produced – kg	118 878	101 679	220 557
Gold produced – kg	603	600	1 203
Acid produced – tons	106 008	106 401	212 409
	R million	R million	R million
Turnover	928.9	898.2	1 827.1
Profit before taxation	198.0	203.4	401.4
Provision for taxation	25.9	22.5	48.4
Profit after taxation	172.1	180.9	353.0
Appropriation for capital expenditure after loan finance	79.5	97.0	176.5
Profit available	92.6	83.9	176.5
Interim Dividend			175.6
Increase in retained profit			0.9
Earnings per share – cents	79	72	151
Capital expenditure – R million	82.5	106.6	189.1

Note:
Orders placed and outstanding on capital contracts as at September 30 1989 totalled R79.7 million.

Elandsrand

Issued Capital in shares of 20 cents each: 96 619 825 ordinary and 208 048 S ordinary shares

	Quarter ended Sept. 1989	Quarter ended June 1989	Nine months ended Sept. 1989
Area mined – m^2 000	92	84	266
Tons milled 000	495	452	1 396
Yield – g/t	6.76	6.47	6.64
Production – kg	3 344	2 926	9 264
Cost – *R/kg produced*	20 376	20 618	20 010
Price received on gold sales – *R/kg*	32 536	31 945	31 939
	R000	R000	R000
Turnover	107 220	95 153	295 915
Profit before taxation	39 804	36 206	113 651
Provision for taxation	850	696	2 538
Profit after taxation	38 954	35 510	111 113
Appropriation for capital expenditure	22 684	15 919	60 914
Profit available	16 270	19 591	50 199
Interim dividend of 40 cents per share paid on September 15 1989			38 731
Increase in retained profit			11 468
Earnings per share – cents			
– before appropriation for capital expenditure	40	37	115
– after appropriation for capital expenditure	17	20	52
Capital expenditure – R000	28 899	32 717	83 927

Notes:
1. Capital expenditure includes an amount of R6 215 000 in respect of the accelerated development programme. This expenditure is being financed, in the short term, from internal sources and borrowings and not from profits.
2. Orders placed and outstanding on capital contracts as at September 30 1989 totalled R16 121 000.

Ergo

Issued Capital in shares of 50 cents each: 42 078 712 ordinary and 3 440 384 S ordinary shares

	Quarter ended Sept. 1989	Quarter ended June 1989	Six months ended Sept. 1989
Material treated – tons 000	8 866	9 207	18 073
Gold production – kg	2 881	2 884	5 765
Uranium production – kg	36 299	47 732	84 031
Acid production – tons	95 408	135 871	231 279
Price received on gold sales – *R/kg*	32 347	31 903	32 078
	R000	R000	R000
Turnover	105 084	105 146	210 230
Profit before taxation	22 131	27 374	49 505
Ergo division	14 036	19 862	33 898
Daggafontein division	7 494	6 778	14 272
Simmergo division	601	734	1 335
Provision for taxation	2 005	7 491	9 496
Profit after taxation	20 126	19 883	40 009
Appropriation for capital expenditure	9 702	8 176	17 878
Profit available	10 424	11 707	22 131
Interim dividend			22 760
Decrease in retained profit			629
Earnings per share – cents	23	26	49
Capital expenditure – R000	9 112	7 844	16 956

Notes:
1. Both material treated and gold production for the quarter were affected by the planned biennial shutdown of the number one acid plant for 35 days.
2. Orders placed and outstanding on capital contracts as at September 30 1989 totalled R9 529 000.

S.A. Land

Issued Capital in shares of 35 cents each: 9 182 700 ordinary and 66 635 S ordinary shares

	Quarter ended Sept. 1989	Quarter ended June 1989	Nine months ended Sept. 1989
Tons milled 000	658	672	1 991
Yield – g/t	0.52	0.51	0.54
Production – kg	343	346	1 070
Production, transport and screening costs – R/kg produced	25 945	24 147	23 521
Price received on gold sales – R/kg	32 357	32 047	31 901
	R000	R000	R000
Turnover	11 125	11 154	34 231
Profit before taxation	1 404	1 606	5 344
Provision for taxation	437	605	2 186
Profit after taxation	967	1 001	3 158
Appropriation for capital expenditure	22	(72)	(31)
Profit available	945	1 073	3 189
Interim dividend of 25 cents per share paid on September 15 1989			2 312
Increase in retained profit			877
Earnings per share – cents	10	11	34
Capital expenditure – R000	22	59	100

Notes:
1. The major supplier of dump material to the Company has given notice that material from this source will cease to be available after December 31 1989. If ongoing efforts to secure alternative supplies are not successful the remaining reserves will enable operations to be continued for only approximately two and a half years at current gold prices. Attention is directed to the separate announcement published today in this regard.
2. There were no orders placed or outstanding on capital contracts as at September 30 1989.

Western Deep Levels

Issued Capital in shares of R2 each: 27 194 115 ordinary and 209 542 S ordinary shares

	Quarter ended Sept. 1989	Quarter ended June 1989	Nine months ended Sept. 1989
Area mined – *m^2 000*	234	236	692
Tons milled 000	1 688	1 666	4 895
Yield – *g/t*	6.31	6.35	6.29
Production – kg	10 652	10 582	30 812
Cost – R/kg produced	19 604	18 971	19 553
Price received on gold sales – R/kg	32 335	32 068	31 940
	R million	R million	R million
Turnover	344.5	342.2	988.0
Profit before taxation	143.3	144.7	403.2
Provision for taxation	34.2	38.9	99.8
Profit after taxation	109.1	105.8	303.4
Appropriation for capital expenditure	71.6	65.9	194.1
Profit available	37.5	39.9	109.3
Interim dividend of 260 cents per share paid on September 15 1989			71.3
Increase in retained profit			38.0
Earnings per share – cents	137	146	399
Capital expenditure – R million	71.5	70.4	198.5

Note:
Orders placed and outstanding on capital contracts as at September 30 1989 totalled R61.9 million.

Vaal Reefs

Issued Capital in shares of 50 cents each: 19 000 000 ordinary and 58 649 S ordinary shares

	Quarter ended Sept. 1989	Quarter ended June 1989	Nine months ended Sept. 1989
Gold			
Area mined – m^2 000	557	515	1 554
Tons milled 000	2 801	2 643	8 142
Yield – *g/t*	6.82	6.81	6.93
Production – kg	19 102	17 990	56 388
Cost – R/kg produced	20 745	20 218	19 919
Price received on gold sales – R/kg	32 411	32 057	31 930
Uranium oxide			
Tons treated 000	2 328	2 298	6 864
Yield – kg/t	0.20	0.19	0.19
Production – kg	458 626	426 720	1 321 596
	R million	R million	R million
Turnover	657.4	611.6	1 913.2
Profit before taxation	191.6	203.2	604.1
Provision for taxation	61.3	30.9	174.7
Profit after taxation	130.3	172.3	429.4
Appropriation for capital expenditure	63.6	103.2	210.1
Profit available	66.7	69.1	219.3
Interim dividend of 800 cents per share paid on September 15 1989			152.5
Increase in retained profit			66.8
Earnings per share – cents	350	363	1 151
Capital expenditure – R million	66.4	100.2	223.7

Notes:
1. The previous quarter's results include a half-yearly dividend from Southvaal Holdings Limited and are therefore not directly comparable with this quarter.
2. Orders placed and outstanding on capital contracts as at September 30 1989 totalled R86.1 million.

Abridged interim reports for the six months ended September 30 1989

Ofsil

Issued Capital: 22 514 094 ordinary shares of 1 cent each

	Six months ended Sept. 30 1989	Six months ended Sept. 30 1988	Eighteen months ended *Mar.* 31 1989 (Audited)
	R million	R million	R million
Income from listed subsidiary company	88.1	94.0	258.6
Profit before taxation	87.9	94.0	257.9
Taxation	–	–	0.1
Profit after taxation	87.9	94.0	257.8
Dividends – interim of 390 cents per share (payable on or about December 15 1989)	87.8	–	70.0
– second interim of 418 cents per share (paid on December 9 1988)	–	94.1	94.1
– final of 416 cents per share (paid on June 9 1989)	–	–	93.6
Increase (decrease) in retained profit	0.1	(0.1)	0.1
Earnings per share – cents	390	418	1 146

Welkom

Issued Capital: 35 350 937 ordinary shares of 50 cents each

	Six months ended Sept. 30 1989	Six months ended Sept. 30 1988	Eighteen months ended Mar. 31 1989 (Audited)
	R000	R000	R000
Income from listed investments	35 881	38 410	105 320
Profit before taxation	35 576	38 212	104 734
Taxation	–	2	19
Profit after taxation	35 576	38 210	104 715

***Welkom** – continued*

	Six months ended Sept. 30 1989	Six months ended Sept. 30 1988	Eighteen months ended Mar. 31 1989 (Audited)
	R000	R000	R000
Dividends – interim of 100 cents per share (payable on or about December 15 1989)	35 351	–	28 281
– second interim of 108 cents per share (paid on December 9 1988)	–	38 179	38 179
– final of 108 cents per share (paid on June 9 1989)	–	–	38 179
Increase in retained profit	225	31	76
Earnings per share – cents	100	108	296

Dividend declarations

Interim dividends

On Thursday, October 19 1989, interim dividends for the year ending March 31 1990 were declared payable to holders of the following companies' ordinary and S ordinary shares:

Company	*Dividend number*	*Cents per share*
Ergo	22	50
Freegold	69	150
Ofsil	8	390
Welkom	65	100

	1989
Last day to register for dividends (and for changes of address or dividend instructions	Friday, November 10
Registers closed from to (inclusive)	Saturday, November 11 Saturday, November 25
Ex-dividend on Johannesburg and London stock exchanges	Monday, November 13
Currency conversion date for sterling payments to shareholders paid from London	Monday, November 13
Dividend warrants posted	Thursday, December 14
Payment date of dividends on or about	Friday, December 15
Rate of non-resident shareholders' tax	15 per cent

Share warrants to bearer

Holders of share warrants to bearer issued by Freegold and Ofsil are notified that their dividends are payable on or after Friday, December 15 1989, upon presentation of coupons marked "South Africa" and No. 8 on the side reflecting the share warrant number, at the offices of First National Bank of Southern Africa Limited, Stock Exchange Branch, Diagonal Street, Johannesburg, South Africa; Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zürich, Switzerland; Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France; and Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels, Belgium, only. Coupons must be left at least four clear days for examination.

The full conditions relating to the dividends may be inspected at the Head and London offices of the companies and the transfer secretaries.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C.R. Bull
Senior Divisional Secretary

October 20 1989

Notes
1. Unless otherwise stated all results are unaudited.
2. All companies are incorporated in the Republic of South Africa.

TRANSFER SECRETARIES
Consolidated Share Registrars Limited
1st Floor, Edura
40 Commissioner Street
Johannesburg 2001
(PO Box 61051, Marshalltown 2107)

Barclays Registrars Limited
6 Greencoat Place
London SW1P 1PL

HEAD OFFICES
44 Main Street
Johannesburg 2001
(PO Box 61587, Marshalltown 2107)

LONDON OFFICES
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
October 20 1989

... reports will be posted to members, debenture and option holders, and to persons on the mailing lists. ... available from the Transfer Secretaries and the Head and London offices.

AT&T jumps 19% in third quarter

By Martin Dickson in New York

AT&T, the largest US telecommunications group, yesterday announced a 19 per cent increase in third-quarter net profits and a voluntary retirement programme for managers which underlines its much more aggressive approach to costs and product marketing.

Third-quarter net profits totalled $699m or 65 cents a share, up from $587m or 55 cents last year. Nine-month net income was $1.99bn or $1.85, against $1.67bn or $1.56.

The group, which holds about 70 per cent of the US long distance market, faces intense competition in this area from rivals MCI Communications and Sprint Communications.

It has been fighting back with much more aggressive sales tactics, cuts in costs and staff, and has been paying increasing attention to the European market for long term growth.

Under its new retirement programme, managers who have at least five years of service will have five years added to their age and length of service for pension purposes. This will nearly double to 34,000 the number of employees who are eligible to retire with immediate pension payments. The group employs 127,000 managers worldwide.

The company said the plan, its first retirement "sweetener," was not aimed at reducing a specific number of jobs, but it noted other companies with similar schemes had had about one third of eligible managers retire.

Revenues in the quarter grew 1 per cent, from $8.81bn to $8.9bn, with growth in long distance services largely offset by lower equipment sales and rentals. The operating margin was 13 per cent, compared to 11 per cent a year ago.

Sales of services grew 6.4 per cent in the quarter, with calling volume growth of 5 per cent. The leading volume gainers were outbound and inbound business services and international calling.

However, product sales fell 3.6 per cent, mainly because of lower sales of telecommunications network equipment. This was due to slowing demand for network switching equipment, price competition and strikes at some of the regional Bell operating companies.

Wall Street analysts said the retirement programme was a very positive move. Mr George Kelly at Morgan Stanley welcomed the margin improvement but said the quarter's drop in equipment sales was greater than expected.

He expected 1991 to be the year of really susbtantial growth in earnings as the group reaped the benefit of its network modernisation and push overseas.

Earnings rise 26% at American Express

By James Buchan in New York

AMERICAN EXPRESS, the large financial services company, has reported a 26 per cent increase in earnings from its main businesses thanks to the growing popularity of its famous charge card outside the US and the success of a new financial information technology operation.

The New York company said its earnings in the third quarter to September were $332m or 77 cents a share. This showed an increase of 21 per cent over 1988 returns.

On a basis of continuing operations, the increase was 26 per cent on a rise in revenues of 24 per cent to $6.5bn.

The third quarter would have looked better but for an $110m charge to profits at the international banking division, American Express Bank, as a reserve against potential losses on Third World loans. This cut earnings from the bank in half, to $21.6m, but has left American Express with all but 10 per cent of its long-term Third World loans covered.

At the heart of American Express, the card and travellers cheque operation known as Travel-Related Services, earnings increased 17 per cent to $241m in the quarter. The key to the growth was a strong increase in card ownership overseas, where cards in force rose 17 per cent.

American Express's fund management subsidiary, IDS Financial Services, also did well with an increase in earnings of 19 per cent to $48m.

Shearson Lehman Hutton, the investment bank which is American Express's most volatile business, contributed $40.9m to its parent, thanks to good securities trading results and a special gain on the sale of a business.

Most promising is American Express's newest business, Information Services, which provides back-office computer systems and money transfer products. Earnings rose 38 per cent to $21.6m.

Nine-month group net income was $899.8m or $2.09, an increase of some 17 per cent from continuing operations. Revenues were up 24 per cent at $18.73bn.

● Wells Fargo, the California-based bank, hasincreased its quarterly dividend to 90 cents a share from 75 cents.

Third-quarter earnings rose to $153.7m or $2.83 a share from $131.7m or $2.36. Nine month earnings rose to $442.6m or $8.07 from $378.6m or $6.75.

US defence contractors show disappointing results

By Martin Dickson

THREE LEADING US defence contractors have recorded disappointing third-quarter results.

United Technologies, the US aero-engine manufacturer, announced third-quarter net income of $196.7m, against $190.1m a year earlier. Earnings per share were $1.46, a slight gain on 1988's $1.45 when the company benefited from a $33.3m gain from the sale of leasing units. Revenues rose from $4.5bn to $4.8bn.

Mr Robert Daniell, who has shaken up UTC's management structure since he took over as chief executive in 1986, said the quality of the group's earnings was continuing to improve.

Pratt & Whitney, the jet engine maker which accounts for more than half of the group's operating profits, had continued its strong 1989 performance, with a 90 per cent increase over the $5bn in commercial engine orders announced for all of 1988.

Otis, the company's lift unit, and Carrier, the air conditioning business, had experienced the largest revenue increases in the quarter, with the overseas units of both peforming particularly strongly.

Net income for the nine months was $517.7m or $3.91 a share, against $508.5m or $3.89. Revenues were $14.5bn, compared to $13.2bn in the same period of 1988. The nine-month figures for 1988 included a net pre-tax gain of $82m from the sale of certain businesses.

Analysts are expecting a more substantial jump in net profits in 1990 as the benefits of the swelling engine order book work through. Mr Daniell said the strong demand for the group's new technology commercial engines would "pay off for years to come."

General Dynamics, the second largest defence contractor in the US, reported third-quarter net income of $76.5m, virtually unchanged on 1988, and earnings per share of $1.83, against $1.82.

The nine-month figures also showed little change on 1988, with net income of $210.3m on sales of $7.4bn.

The company said there had been significant earnings gains in its general aviation and material service businesses, a recovery in submarines and higher sales of military aircraft.

Fellow defence contractor Northrop suffered a drop in third-quarter net income from $28.5m to $21.5m on sales of $1.25bn, down from $1.36bn in the same period of last year. Earnings per share were 46 cents, down from 61 cents.

The company said the decline in sales was due to lower volume in the research and development phase of a number of long-term projects, including the B2 bomber, which is now in initial production. Higher than anticipated costs on a number of fixed price R&D contracts had cut the $102m operating profit by about $23m.

American Medical debt deal

By Janet Bush in New York

CHEMICAL BANK yesterday announced it had completed syndication of the senior debt which is partly financing the buy-out of troubled hospital group American Medical International by IMA Acquisition.

IMA, a leveraged buy-out partnership formed by Mr Harrey Gray, Mel Klein & Partners, backed by the wealthy Pritzker family of Chicago, and First Boston, is offering $26.50 in cash for up to 63m shares of American Medical, equivalent to 86 per cent of the company's stock.

It will then exchange the remaining shares into 20 per cent of the common stock of a newly-formed company, IMA Holdings.

An earlier offer of $28 a share for 94 per cent of American Medical's stock and conversion of the remaining shares into a 10 per cent stake in the new holding company fell through because of depressed conditions in the junk bond market.

IMA said Chemical Bank and six other banks had to finance around $1.073bn of senior debt and had syndicated the remaining $509m with another 23 institutions.

First Boston remains committed to providing around $578m in subordinated debt.

Profits plummet at Caterpillar

By Nick Garnett

CATERPILLAR, the world's largest producer of earthmoving and construction machinery warned yesterday that profits for the year would be lower than last year after a slide in third-quarter earnings.

Net profits for the three months to September 30 plummeted to $108m or $1.07 per share, from $190m or $1.87 a year earlier. Nine-month profits were $390m or $3.85, against $453m or $4.46.

Caterpillar, which also announced a small number of lay-offs, blamed a drop in third quarter sales, from $2.74bn to $2.58bn, on having eight fewer business and production days.

The group said: "Fourth quarter profit is expected to be somewhat higher than in the third quarter, but profit for the year will be lower than 1988."

It said profits were also affected by higher costs resulting from increased prices of materials and high start-up and new programme costs, especially for factory modernisation and new product introduction. There was also an $11m provision for bad debts on Latin America business .

Higher costs were partly offset by the stronger dollar which helped lower costs at overseas operations.

Caterpillar attributed the drop in nine-month profits to higher wage, benefit and factory modernisation costs and a $55m decrease in currency exchange gains related to the Brazilian cruzado.

Caterpillar is laying off next month 325 workers at Peoria, Illinois, for an indefinite period because of production cutbacks. This was because of lower demand for truck engines, the completion of a US military contract and lower demand for track-type tractors.

Its plant at York, Pennsylvania, will shut for two weeks both next month and in December to keep production in line with demand.

Surge at Waste Management

By Karen Zagor in New York

WASTE MANAGEMENT, the biggest US comprehensive waste services company, yesterday posted record third-quarter earnings as the company continues to prosper from the continuing crisis in garbage disposal.

The Oak Brook, Illinois, company reported an 18 per cent increase in net income for the quarter to $151.8m or 66 cents a share from $79.1m or 57 cents a year earlier. Last year's earnings included an extraordinary after-tax gain of $11.4m or 5 cents a share.

Revenue was up 26 per cent to $1.19bn from $938.2m.

For the first nine months, net income advanced 21 per cent to $409.2m or $1.79 a share from $339.5m or $1.50. Revenues were up 26 per cent to $3.26bn from $2.59bn.

Waste Management has grown at break-neck speed in recent years. Annual per-share earnings jumped from $1.06 in 1986 to $2.05 in 1988.

The company is one of Wall Street's darlings, with traders expecting it to be one of the chief beneficiaries from the flourishing waste disposal market. The company has also been successful internationally, and recently moved into Denmark, Spain and Sweden.

Waste Management shares jumped $1⅝ to $65¼ yesterday on the New York Stock Exchange, not far off the 1989 high of $66⅝.

Mr Dean Buntrock, chairman and chief executive, said each of the company's major businesses reported excellent results. The solid waste subsidiary,

Chemical Waste Management, an 81 per cent owned subsidiary, reported record third-quarter earnings and revenues thanks to gains in its core services – hazardous waste treatment and disposal.

Pessimistic outlook at AMR

By Karen Zagor in New York

AMR, THE parent of American Airlines and recent takeover target, yesterday reported disappointing third quarter earnings and projected weaker results in the fourth quarter.

Mr Robert Crandall, chairman and president, said: "Unfortunately, we think these trends will continue and will produce a very disappointing fourth quarter as well."

The results appeared to confirm Wall Street's gloomier tone for the airline sector in the wake of the collapse of takeover bids for UAL, parent of United Airlines, and AMR. Airline issues have soared in recent months in a frenzy of takeover speculation but have fallen back since last Friday.

Mr Donald Trump, the flamboyant New York casino and property developer, recently withdrew his unsolicited bid of $120-a-share for AMR, valued at about $7.1bn, after last week's stock market plunge.

The AMR board yesterday said: "We are pleased that Mr Donald Trump has withdrawn his uninvited proposal to negotiate a cash merger agreement with AMR. Ill-considered and reckless acquisition proposals adversely affect employee, financial and business relationships and are contrary to the best interests of AMR shareholders."

"AMR has not been, and is not, for sale," said the AMR board.

However, some analysts believe the company may still be a takeover target, but that new bids will not approach Mr Trump's earlier offer.

Analysts expect lower second half earnings throughout the US airline industry as bargain fares to lure tourist traffic take their toll on profits.

Net income for AMR, the biggest US carrier, fell 8.8 per cent in the quarter ended September 30, to $137.0m or $2.15 a share on a fully diluted basis, from $150.3m or $2.59 a share a year earlier.

Revenues for the quarter were up 17.1 per cent to $2.73bn from $2.34bn.

The drop in earnings was attributed to a slightly lower yield and higher fuel prices.

AMR's operating income for the period fell 8.9 per cent, to $230.8m, while operating expenses leapt 20.3 per cent to $2.5bn.

Nine-month net income rose 15.5 per cent to $415.9m or $6.58 a share from $360.1m or $5.98 the previous year.

Revenues increased by 22.3 per cent to $7.89bn from $6.45bn.

Engelhard to buy CanPac unit for $110m

By Kenneth Gooding, Mining Correspondent

ENGELHARD Corporation, the US precious metals and chemicals group 30.5 per cent owned by Minorco, the investment arm of the Anglo American Corporation of South Africa, has agreed in principle to buy Processed Minerals, a subsidiary of Canadian Pacific US, for $110m cash.

PMI is the world's largest producer of products based on wollastonite which is used as a reinforcement, extender and asbestos replacement for resins, thermoplastics, adhesives, ceramics, paints, wallboard, brake linings and floor tiles.

Subject to government approvals, PMI will join Engelhard's pigments and additives division, already a world leader in the development, manufacture and marketing of kaolin.

The acquisition "fits well with Engelhard's strategic focus on the development and manufacture of value-added products based on surface chemistry," said Mr Orin Smith, Engelhard's president.

The purchase would broaden the company's technological base in speciality minerals, he added.

Higher prices lift Cyprus Minerals

By Kenneth Gooding

HIGHER copper volumes and prices helped lift third-quarter earnings of Cyprus Minerals, the second-largest US copper producer, from $35.1m or 80 cents a share to $68.2m or $1.68.

Cyprus's earnings in the first nine months this year of $210.9m or $5.12 a share, were more than the 1988 full-year earnings of $170m.

All the company's operating segments were profitable in the third quarter, including coal and gold, which were loss-makers earlier in 1988. Mr Kenneth Barr, president, said "further improvements are expected in the remainder of the year."

Cyprus realised an average of $1.32 a lb for copper during the quarter, up 30 cents a lb from a year before. In the nine months the company sold 535m lbs of copper against 308m lbs in the same months of 1988.

Gold production in the quarter jumped from 26,000 ounces to 33,000 ounces and in the nine months was up from 62,000 to 99,000 ounces.

Revenue in the quarter rose from $326.6m to $463.5m while for the nine months it was up from $914m to $1.35bn.

Amax on target for good year despite 57% fall

By Kenneth Gooding

AMAX, the US natural resources group, unveiled a 57 per cent drop in third-quarter earnings from $132.5m or $1.61 a share to $56.8m or 66 cents.

However, Mr Allen Born, chairman, said: "In a slowing economy we are seeing the basic strength and balance of Amax's businesses. We are below last year's record earnings to date but we remain on target for another very good year."

Third-quarter 1989 earnings were reduced by $41.7m as a result of Chevron Corporation's exercise of its one-time right to receive an additional payment on the 15.2m Amax shares bought from Chevron in 1988. The quarter also included a gain from a payment related to the abortive bid for Falconbridge and capitalisation of exploration expenditures applicable to the new Hayden Hill gold mine.

Amax said insurance proceeds were expected to cover property damage and losses following the temporary shutdown of its Mt Holly aluminium facility in South Carolina which was hit by Hurricane Hugo on September 22.

Nine-months earnings were $301.9m or $3.52, down from $452.7m or $5.03. Sales were $928m against $996m, for the quarter and $2.99bn against $2.95bn for nine months.

INTERNATIONAL COMPANIES AND FINANCE

State calls Bond Corp's solvency into question

By Chris Sherwell in Sydney

THE solvency of Bond Corporation, the principal listed company in Mr Alan Bond's Perth-based business empire, was unexpectedly called into question yesterday by the Western Australian government through its State Government Insurance Commission (SGIC).

The query surfaced in an SGIC letter rejecting as "not reasonable" Wednesday's surprise offer from Bond of A$3.18 ($2.44) a share for the SGIC's 19.7 per cent holding in Bell Group, the Bond subsidiary which owns the West Australian morning daily newspaper.

The developments came as the group prepared for a release of annual profit results for Bond Corporation and its listed subsidiaries Bell Group, Bell Resources and J.N. Taylor Holdings. If the figures are not produced by Monday, the companies face suspension from trading.

The Bond offer for the Bell Group stake was made in response to a tender by the SGIC, which acquired the holding in March 1988, and amounts to taking the company private. The A$3.18 comprises 30 cents to be paid in cash in January and the balance over 10 years through a series of bills of exchange.

Although the total is well above Wednesday's market level of 27 cents and yesterday's 38 cents, the offer is being judged in light of an indemnity – now being challenged in the courts by Bond – guaranteeing the SGIC A$2.70 a share. The SGIC, in a letter underscoring the enmity between Bond and the state government, pointed out that the offer on a net present value basis was worth "substantially less" than A$3.18, but accepted that its value should be accurately determined.

Citing the absence of the Bond accounts, it demanded "appropriate assurances" from Bond's principal bankers "as to the solvency of Bond Corporation and as to its ability to meet all of its obligations" in relation to the offer.

In a sharp reply, Bond said the SGIC's decision to release its letter publicly was "absolutely extraordinary" and it would not conduct public negotiations on the matter.

BCI chief switches to PR post

By John Elliott in Hong Kong

MR ALAN BOND has pulled Mr Peter Lucas out of his job in Hong Kong as managing director of Bond Corporation International (BCI) to be the Australia-based executive director for the group's public and investor relations.

BCI, which was floated on the Hong Kong stock exchange three years ago, has been run down since it sold the colony's prestige Bond Centre office tower to EIE of Japan.

Now its holdings comprise only stakes in a Chinese brewery and the Chilean telephone company, and an Italian development site in Rome. It has limited cash reserves.

The company has a poor image in Hong Kong following unsuccessful efforts by Mr Bond to buy out minority shareholders in February. But Mr Lucas, a senior director of the group, personally developed a positive and friendly image in Hong Kong.

He is not being replaced. Mr Rob Stevenson, general manager, will become the senior executive of the company.

Anglo's output strategy pays off

By Jim Jones in Johannesburg

ANGLO AMERICAN, South Africa's largest mining house, benefited in the September quarter from attempts to boost production, aimed at spreading the burden of higher costs over larger ore tonnages.

The strategy allowed most of the group's mines to report higher operating profits despite the added cost of mid-year wage increases and the virtually static gold price.

It is in contrast to the route chosen by the rival Gencor mining house to cut labour forces and to concentrate lower production levels on extracting richer ore zones. Gencor has more marginal mines which, unlike those of Anglo, have been faced with operating losses.

Ergo, Anglo's dump reclamation operation, was alone among the group's principal gold producers in reducing its gold production. Output was affected for about a month at one operating section by the biennial maintenance of an acid plant. According to Mr Theo Pretorius, a director, the maintenance has been completed and production will be restored to normal in the present quarter.

Freegold, the world's largest gold mine, increased both its milling rate and its average gold recovery grade but nevertheless suffered a 10 per cent drop in its pre-tax operating profit to R162.7m ($61.6m).

Vaal Reefs, the second largest of the group's mines, followed the same mining strategy but increased its operating profit by 3.2 per cent to R222.2m. Western Deep Levels overcame a small recovery grade decline by increasing its ore processing rate while neighbouring Elandsrand increased its processing rate and gold recovery.

Elandsrand has started to exploit richer ore from its new sub-vertical shaft and further grade increases are expected by analysts in Johannesburg as increased tonnages of ore are drawn from the shaft.

South African Land, which has a small dump reprocessing operation, has warned that its remaining life is unlikely to be more than 2½ years. It is losing the right to process various dumps and those remaining will sustain operations only until 1992.

ANGLO AMERICAN GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Sep 87	June 87	Sep 87	June 87	Sep 87	June 87
Elandsrand	3,344	2,926	39.0	35.5	16.6	20.2
Ergo	2,881	2,884	20.1	19.9	22.9	25.8
Freegold	27,649	26,765	172.1	180.9	79.1	71.7
SA Land	343	346	1.0	1.0	10.2	11.6
Vaal Reefs	19,102	17,990	130.3	172.3	350.0	362.6
W Deep	10,652	10,582	109.1	105.8	136.8	145.6

Earnings per share calculated after tax and capital expenditure.

Pioneer buys DiscoVision for $200m

By Our Financial Staff

PIONEER ELECTRONIC, the Japanese maker of audio and video products, is paying $200m for DiscoVision Associates (DVA), a California supplier of optical disks.

DVA has functioned as a joint venture between IBM, the US computer giant, and MCA, the Hollywood entertainment group. It operates principally through licensing its worldwide portfolio numbering about 1,400 patents relating to optical disc recording and reproducing technology.

Pioneer has led the way in the launch of laser video discs in Japan, and under existing plans is to increase its annual output of the equipment used to play them to 600,000 units, and doubling capacity for producing the discs themselves at its plant in Kofu.

The deal announced yesterday brings in-house the patents on which it relies.

Pioneer said, however, that it had no plans for the moment to use the acquisition to establish research and development facilities in the US but was likely to consider such plans in the future.

DVA management would also remain.

A Pioneer official added in Tokyo that the deal would enable the Japanese company to use optical disc technology for compact disc players. Other leading holders of basic patents for optical disc technology are Philips of the Netherlands and Thomson-CSF of France.

Government approvals are needed for the deal in the US and Japan. Pioneer struck the deal through its two US-based subsidiaries, Pioneer Electronics USA and Pioneer Electronics Capital.

First Pacific to acquire Imagineering Technology

By Chris Sherwell

FIRST PACIFIC, the Hong Kong-listed company linked with Mr Liem Sioe Liong, the prominent Indonesian businessman, is to acquire control of Imagineering Technology, a large Australian distributor of computer software and hardware.

The deal, which is subject to the approval of Imagineering shareholders and Australia's Foreign Investment Review Board, will cement Imagineering's growing business connection with Asia, where it now derives an estimated 55 per cent of annual sales.

Imagineering is the creation of Mr Jodee Rich, who floated the group in 1985. As sales have soared, repeated equity issues to provide working capital have seen his stake diluted to 35 per cent. Rather than continue the pattern, he has sought a "big brother" in First Pacific.

Under the proposal announced yesterday, First Pacific will initially acquire a 27 per cent stake in Imagineering through a placement of 20m shares at 90 Australian cents ($0.69) a share.

First Pacific will then make a pro-rata offer for 26 per cent of the shares owned by Imagineering's existing shareholders. If they accept, its stake will rise to around 42 per cent of the enlarged capital.

At the same time First Pacific will acquire the right to move to 52 per cent by exercising options to buy shares at 90 cents over the next two years or A$1 over the subsequent three years.

The immediate result of the equity injection will be a reduction in Imagineering's high level of gearing. The debt-to-equity ratio is currently estimated at 130 per cent, but would fall to around 60 per cent if the transaction goes through.

Mr Rich, who is managing director, is thought likely to sell some of his shareholding, but intends to stay on with the business. Board membership would change, however, with First Pacific having a majority of appointees.

The Imagineering board is recommending the deal to its shareholders, saying it would have significant benefits because of First Pacific's existing regional marketing and distribution network.

The 90 cents offer compares with a closing price on Wednesday of 48 cents and a 1989 high, reached in January, of A$1.42. Yesterday the shares finished at 58 cents.

Although sometimes described as a high technology stock, Imagineering is actually a value-added distributor. It has become the dominant supplier of independent software and hardware peripheral equipment in Australia and New Zealand, and quickly expanded into South-East Asia.

The adviser to Imagineering on the proposal is Jardine Fleming Australia. An independent report on the transaction is to be conducted by BZW Australia.

Adsteam raises stake in IEL to 17.2%

ADELAIDE STEAMSHIP, an Australian investment and trading company, has again lifted its stake in Industrial Equity (IEL), also an investment concern, to 17.2 per cent from 16.2 per cent, AP-DJ reports from Adelaide.

In a statement to the Australian Stock Exchange, Adsteam said it bought the extra shares between October 12 and 16 for between A$1.90 ($1.46) and A$2.25.

A week ago Adsteam said it had lifted its stake from an earlier 15.2 per cent.

The buying comes amid a bid for the company by Corama, a company controlled by financier Mr Abe Goldberg with Mr Rodney Price and Mr Bill Loewenthal, two IEL executives. Corama's A$2.25 a share bid, valuing IEL at some A$1.85bn, has run into financing delays.

INTERNATIONAL CAPITAL MARKETS

Syndicate managers split over pricing of IBM deal

By Andrew Freeman

AN Ecu125m five-year issue for IBM International Finance dominated new-issue activity in the Eurobond market yesterday, with syndicate managers divided over the pricing and handling of the deal.

The bonds were brought by Paribas Capital Markets with a 9⅛ per cent coupon, a nominal issue price of 101⅝, and underwriting fees of 1⅞ per cent. However, syndication was informally along the lines of a fixed-price reoffering, with Paribas asking members of the small group to reoffer the bonds to investors at par.

A Paribas official said there had not been time to organise a formal reoffering as the deal was driven at short notice to take advantage of a swap opportunity. According to dealers, proceeds were mostly swapped by Banque Nationale de Paris, the joint-lead manager, into three or more floating-rate European currencies.

At least two other banks were said to have been bidding for the IBM mandate, in spite of the Ecu sector continuing to be full of unplaced paper as retail investors, especially Swiss, remain largely absent. Demand yesterday was mainly from institutions, with banks reporting some buying from unusual sources.

Several members of the group reported unexpectedly good sales at par, but there was comment that the bonds

INTERNATIONAL BONDS

were very aggressively priced and a number of banks broke ranks by offering the bonds to investors below par.

Once this happened Paribas scrapped the syndicate's informal discipline and the price dropped to less 1⅞ bid, a discount equivalent to full fees.

Away from the lead manager, prices as low as less 2.10 bid were seen, while Credit Suisse First Boston was quoting less 1.92 bid on its trading screen.

There was comment that Paribas had bought back large amounts of paper but this was denied by the official, who said little had been repurchased.

In Switzerland, secondary market turnover improved slightly as investors began to recover after this week's turbulence. On the primary market, Union Bank was the lead manager of a SFr100m bullet-maturity 10-year deal for SAS.

The bonds offered a 6⅝ per cent coupon and were priced at 100¼. The issue is callable at 101½ after five years. UBS was quoting the bonds at less 1⅞ bid, a discount thought to be inside full fees.

UBS also brought a SFr200m convertible issue for Mitsubishi Trust & Banking, in parallel with a DM300m issue launched by Westdeutsche Landesbank (West LB).

The Swiss 4½-year deal offered a fixed coupon of ⅜ per cent, and a yield to put of 3.5 per cent. UBS was quoting the paper at less 1⅞ bid, below the par issue price but around full fees. In Germany, West LB indicated the coupon on the 5½-year issue at 2¾ per cent, with a yield to put of 4.8 per cent. The bonds were quoted at less 2 bid, inside full fees of 2⅞ per cent.

Elsewhere, Banca Commerciale Italiana brought a successful L200bn issue for the European Investment Bank. The bonds carried a 12 per cent coupon and were trading inside fees at less 1.62 bid.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
AUSTRALIAN DOLLARS						
Soc.Gen.Australia◆	50	17	101.90	1991	¾/½	Westpac Banking Corp
D-MARKS						
Mitsubishi Trust(c)§	300	(2¾)	100	1995	1⅝/⅞	West LB
SWISS FRANCS						
Mitsubishi Trust(b)§◆	200	⅜	100	1994	1½	UBS
SAS◆	100	6⅝	100¼	1999	-	UBS
Sakai Heavy Ind.(a)ǂ★★◆	70	1⅝	100	1993	1½	Bank Julius Baer
Takamisawa Elec.(a)§★★◆	35	½	100	1995	-	Nomura Bank Switz
ECUs						
IBM Int.Fin. NV◆	125	9⅛	101⅝	1994	1¼/⅝	Paribas Cap.Mkts
LIRE						
European Inv.Bk.◆	200bn	12	101¼	1995	1⅛/⅝	BCI

◆Final terms. ǂWith equity warrants. §Convertible. ★★Private placement. a)Issue update. b)Yield to put 3.5%. c)Indicated yield to put 4.8%

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on October 19

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅜ 95	600	103⅝	104	0	+0¼	8.55
Austria 9⅝ 93	140	102½	103⅛	-0⅛	+0⅜	8.63
B.F.C.E. 8⅜ 94	175	99⅛	99½	-0⅛	+0⅛	8.56
B.F.C.E. 9¼ 95	150	102⅝	103	0	+0⅜	8.64
Brit. Tel. Fin. 9⅜ 98	250	103¾	104⅛	-0⅛	+0⅛	8.71
Canada 9 96	1000	103⅛	103⅝	0	+0½	8.28
Canadian Pac 10⅛ 93	100	*†102½	102⅞	0	0	9.86
C.C.C.E 9¼ 95	300	102⅝	103	0	+0½	8.57
C.N.C.A 9¼ 93	150	†101⅝	102⅛	-0⅛	+0⅛	5.83
Credit National 8¾ 93	200	†99⅞	99⅝	+0⅛	+0⅜	8.43
Credit National 7⅞ 92	100	97⅛	97⅝	0	+0⅜	8.54
Credit National 9½ 92	160	†102	102½	0	+0½	8.64
Dai-Ichi Kan 9⅝ 92	150	102⅞	102⅝	0	+0⅜	8.66
Denmark 8¼ 94	150	97⅞	98⅜	0	-0⅛	8.73
E.E.C. 7 91	100	97⅛	97⅝	0	+0⅜	8.38
E.E.C. 10 93	140	†104⅛	104½	0	+0⅛	8.49
Eurofima 10⅛ 93	100	†104⅜	104¾	0	+0⅛	8.52
Elec.De France 9 98	200	102⅛	102⅝	0	+0⅛	8.58
Elec. De France 9½ 99	200	†104⅜	104⅞	-0⅜	+0⅛	8.72
Finland 9 96	250	101⅜	101⅝	+0⅛	-0⅛	8.67
Finn.Exp.Cd. 8½ 92	200	99⅞	100⅛	-0⅜	+0⅛	8.46
Finn. Exp. Cd. 9⅜ 95	200	102⅞	103⅛	0	+0⅛	8.71
Ford Motor Credit 8 91	250	†99	99⅜	0	+0⅜	8.52
Gen.Elec.Cap.Corp. 9 93	500	†101⅜	101⅞	0	+0½	8.50
Gen.Elec.Cap.Crp.10 1/2 91	300	102⅛	102⅞	0	+0⅛	8.57
G.M.A.C. 9 96	300	100⅝	101	0	+0⅛	8.85
Gen.Mtrs.Corp. 9⅜ 92	200	101⅛	101½	+0⅛	+0⅜	8.56
IBM Credit Corp. 8⅞ 91	250	100⅝	101⅛	0	+0⅛	8.58
IBM Credit Corp. 9 92	250	102	102⅜	+0⅛	+0⅛	8.08
IBM Credit Corp. 9½ 92	250	101¾	102⅜	0	+0⅜	8.42
IBM Credit Corp. 10 92	200	103⅜	103¾	-0⅜	+0⅛	8.38
Italy 9½ 95	1000	104	104½	0	+0⅜	8.57
Italy 9⅝ 99	1000	105⅛	105¾	-1¼	+0¾	8.73
Itoh C. W/W 4⅝ 94	1000	100⅛	101⅛	+0⅝	+0⅛	4.47
Japan Dev. Bank 10 96	200	107⅛	107½	0	+1	8.50
KFW Intl. Fin. 9 94	300	101⅜	101⅞	+0⅛	+0⅛	8.57
L.T.C.B.of Japan 9¼ 92	200	101¼	101⅝	+0⅛	+0⅜	8.66
Metropolis Tokyo 9½ 93	200	102½	103⅛	0	+0⅜	8.46
Nippon Tel.&Tel. 9⅝ 98	250	104⅛	104⅝	+0⅛	+0½	8.65
Norway 8¾ 93	500	100⅞	101⅜	+0⅛	+0⅜	8.32
Portugal 8⅛ 91	300	†98½	99	0	+0⅛	9.16
Sumitomo Bank 9⅝ 92	150	†102½	103	0	+0½	8.52
Sumitomo Corp. W/W 4 93	1500	109⅝	110⅝	+3⅝	+1⅛	1.18
Sweden 8⅞ 96	200	101	101⅜	-0⅛	+0⅛	8.50
Sweden 8½ 92	200	†99⅞	100	0	+1½	8.58
Toyota 9½ 91	200	101¾	102⅛	0	+0⅛	8.42
Toyota Mtr.Corp. W/W 4 93	1500	104⅛	105⅛	+0⅛	-1⅛	2.61
Victorian Rep 11⅜ 92	150	105¾	106⅛	0	+0⅜	8.82
World Bank 8⅜ 99	1500	100⅛	100⅝	-0⅛	+0⅜	8.46
World Bank 9 97	300	101⅞	102⅛	-0⅛	+0⅜	8.61
World Bank 9 93	300	101⅞	102⅛	0	+0⅝	8.33
World Bank 9⅝ 98	300	103⅝	104	-0⅛	+0⅜	8.61
World Bank 9⅝ 99	500	106	106⅛	-0⅜	+0⅜	8.63
World Bank 9⅝ 96	300	†105⅛	105⅝	-0⅛	+0⅛	8.60

Average price change... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	93¾	94¼	0	-0⅞	7.43
Austria 6¾ 99	750	†96⅜	96⅝	+0¼	+0⅛	7.26
Bk.Frgn.Econ.USSR 7 96	750	*†94¾	94¾	0	-0¼	8.06
Bank of Tokyo 5¾ 93	100	94¾	95½	0	+0⅜	7.43
Commerzbank o/s. 5⅞ 93	300	93¼	93¾	0	-0¼	7.72
Credit Foncier 6¾ 99	500	96¾	97	+0⅛	+0½	8.23
E.I.B. 6¼ 99	600	93⅛	93⅝	+0¼	+0⅛	7.25
E.I.B. 6½ 99	300	†94½	95	+0¼	0	7.28
E.I.B. 6⅝ 96	600	96½	97	+0⅛	+0⅜	7.26
E.I.B. 6⅞ 95	300	98⅛	98⅝	+0¼	+0⅜	7.21
Euro.Coal& Steel 5⅞ 97	175	91¼	91¾	-0⅜	-0⅜	7.41
Eurofima 6¼ 96	100	92¾	93¼	-0⅜	-0⅜	7.62
Elec De France 5¾ 97	300	90	90½	-0½	-0⅛	7.46
Hydro-Quebec 6¾ 99	300	†96	96½	0	0	7.30
Japan Dev. Bk. 5⅜ 95	300	†91	91½	+0⅛	+0⅜	7.35
Japan Finance 5⅞ 97	100	89¾	90¼	0	-0⅜	7.57
I.A.D.B. 7¼ 99	300	99⅜	99¾	+0¼	+0⅜	7.30
Ireland 6½ 97	300	94	94½	-0⅛	+0½	7.52
Ireland 7¼ 99	500	98⅝	99⅛	+0¼	+0¼	7.41
Malaysia 6¾ 94	150	95¾	96¼	0	0	7.27
Nat. West BK. PLC 6 98	300	†90	90½	-0⅛	-0½	7.59
N.H.L. Finance 6¼ 95	200	†91¾	92¼	0	0	7.96
Nippon Telg.&Tel. 6 95	400	†93½	94	0	-0½	6.52
Oesters. Kontbk. 5 93	300	92⅝	93⅛	+0⅛	0	7.52
Portugal 5¾ 92	150	96⅛	96⅝	+0¼	+0⅛	7.22
Portugal 6⅝ 95	150	96¾	97¼	0	-0¼	7.27
Privatbanken 5¾ 93	150	92⅝	93⅛	-0⅛	-0⅛	7.72
Royal Insurance 5½ 92	300	95¼	95¾	+0⅛	+0¼	7.54
Turkey 6½ 95	500	†92¼	92¾	+0½	-0½	8.22
Union Bk.Finland 5½ 94	200	†92	92½	+0¼	-0½	7.69
World Bank 6 98	500	†91¾	92	0	+0¼	7.26
World BK. 6¼ 97	600	93¾	94½	0	+0¼	7.84
World Bank 6¾ 99	600	96⅜	96⅝	+0⅛	+0⅛	7.26

Average price change... On day +0⅛ on week +0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†90½	91	+0⅝	+0¼	6.74
Asfinag 5 03	100	†89	89¼	0	+0⅛	6.19
B.F.C.E. 4½ 98	200	†89	90	+0¼	0	6.08
B.M.W.Fin.Neth. 5 13	150	†86	86¼	0	0	6.13
Britannia B/S. 4¼ 94	100	†90	90¼	+0⅜	+2⅛	6.79
CIR. Int. W/W 3 93	125	†88	88¼	+1	-0½	6.68
Credit Lyonnais 4¾ 00	100	†86	88	0	-1⅞	6.48
E.I.B 4⅝ 98	150	†88½	89	0	+0¼	6.35
Finn. Exp. Cd. 8¼ 92	75	†100½	100¾	0	0	8.00
Fletcher Chall. 4⅞ 98	150	†83	83¼	+1¼	+1½	7.65
I.A.D.B. 6 2004	200	†98	98¼	0	+0¼	6.19
Kobe City 4⅝ 98	150	†88½	89	+0⅞	-0¼	6.34
Leeds Perm. B/S. 4⅛ 93	200	†90	91	-0⅜	-0½	7.30
Malaysia 5¼ 98	100	†84¾	85	0	+3⅛	7.69
Maxwell Comm.Crp. 5 95	150	†79	80	-2	-4⅜	9.89
Nat. Bk. Hungary 5½ 94	75	†88	89½	+0½	-0¼	8.25
Nationwide Ang. B/S. 4 93	200	†90	91½	-0⅝	+0⅝	6.94
Prov. Newfoundland 5 03	150	†84	84½	-0¼	-1¼	6.76
Thailand 4⅝ 95	200	†84	85	-0¼	+1	8.11
World Bank 5 03	150	†86	86½	-0½	-0⅝	6.54

Average price change... On day +0 on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 92	80	100⅜	100⅝	0	+0⅛	5.69
Canada 5⅝ 93	80	99⅞	100⅛	0	+0¼	5.62
Eurofima 5 1995	20	96½	97⅛	-0⅛	0	5.70
E.I.B. 4⅞ 93	30	97⅜	97⅝	-0⅛	+0⅛	5.70
Ireland 5⅛ 93	30	97⅞	98⅜	0	+0⅜	5.72
Norway 5⅛ 95	50	98	98¼	-0⅛	+0½	5.52
Sweden 4⅝ 93	58	96½	96⅞	-0⅞	+0⅜	5.69
World Bank 5⅛ 98	10	96½	97	0	-0⅜	5.61
World Bank 7 94	20	104⅞	105⅜	-0⅛	+0⅞	5.67

Average price change... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	97⅛	98⅛	+0⅛	+0½	10.82
Abbey Nat. 11⅝ 95 £	100	96¾	97⅛	-0⅛	+0⅞	12.46
Aegon 7¾ 92 FL	100	99⅝	100⅛	0	-0⅛	7.91
Alg. Bk. Ned. 5¾ 93 FL	200	93¼	93¾	0	-0⅛	7.99
Austria 7½ 94 ECU	100	94⅝	95¼	-0⅛	-0¼	8.89
Bk.Nova Scot.14⅜ 90 A$	75	†95¾	96¼	0	-0¼	18.64
Barclays Aus.13½ 91 A$	100	95½	96⅛	+0¼	+0⅜	16.16
Belgium 8⅛ 94 Ecu	150	97¼	97¾	0	0	8.82
BP Capital 9¾ 93 £	100	91⅜	92¼	0	+0½	12.68
British Airways 10 98 £	100	89	89½	-0⅛	+0⅝	12.09
Brit. Telecom 9⅞ 93 £	150	91⅞	92⅝	0	+0⅝	12.43
Comm.Bk.Aust. 12⅝ 93A$	100	†91⅞	92⅜	0	0	15.56
Comm.Bk.Aus.13¾ 94 NZ$	60	104⅛	105	+0½	+0¼	12.43
Credit Foncier 9 96 Ecu	100	100⅛	100⅝	0	0	8.91
CrLocalFrance 9⅛ 92Ecu	100	100⅛	100⅝	-0⅜	-0¼	8.99
Deut. Bk.Aus. 13⅜ 93 A$	125	94¾	95¼	0	-0⅜	15.01
Deutsche Bk.Fin. 15 94 A$	100	100⅝	101⅛	+0⅜	0	14.64
E.I.B. 7 96 LFr	100	†95½	96½	-0⅛	+0¼	7.82
E.I.B. 7⅛ 99 FL	150	96⅛	96⅝	0	-0¼	7.66
E.I.B. 9 99 Ecu	150	100½	101½	+0⅞	+0⅛	8.82
Eurofima 7⅝ 94 Ecu	100	95⅜	95⅞	+0⅛	-0⅜	8.88
Export Dv.Crp.8⅞ 92Ecu	100	99½	100	+0⅛	+0¼	8.82
Fed. Bus. Dv.Bk. 9 94 Ecu	100	99⅝	99⅞	+0⅛	-0⅜	9.08
Fed. Bus. Dv.Bk.9¾ 92 C$	75	†97½	98	-0⅛	0	10.72
Fed. Bus. Dv.Bk.10½ 93C$	50	†99½	100	+0⅛	+0½	10.55
Ferrv. Stato 7⅞ 93 Ecu	100	95¾	96¼	+0⅛	0	9.07
Ford Cr.Can.10¾ 93 C$	100	†99⅞	100⅛	0	+0⅜	10.70
Ford Cred.Can.10⅞ 96C$	125	100⅝	101⅛	-0⅛	0	10.65
Ford Cred.Fund.10⅛ 93£	60	94⅛	94½	+0⅛	+0⅜	12.59
G.M.A.C.Canada 11 3/4 94C$	100	102⅞	103⅜	0	+0⅛	10.83
Heineken 7⅝ 94 FL	150	100⅝	101	0	-0⅛	7.72
Hydro-Quebec 11 99 C$	400	103	103⅛	+0⅛	+0⅝	10.44
Lloyds Bank 10⅛ 98 £	150	90½	90⅝	0	+0⅜	12.11
Lloyds Bank 11⅜ 98 £	100	94⅜	94⅞	-0⅛	+0⅝	12.37
Montreal Tst.10⅛ 93 C$	100	†99	99½	-0⅛	+0¼	10.97
Nat. Aus. Bk. 14⅜ 94A$	100	97⅞	98⅜	+0⅛	+0⅛	15.30
New Zealand 9½ 93 £	100	91	91⅞	-0⅛	+0½	12.73
O.E.K.B. 10⅛ 99 C$	150	99⅜	99¾	+0¼	+0⅝	10.32
Privatbanken 7½ 94 LFr	500	†97¾	98¼	0	+0¼	8.11
Royal Bk.Scot.10⅝ 98 £	125	92½	93	-0⅛	+0⅝	12.06
Saskatchewan 9⅞ 91 C$	150	†98¼	99⅝	+0⅜	+0⅜	10.55
Saskatchewan 10¼ 93 C$	200	99¼	99¾	+0⅜	+0⅜	10.40
State Bk.NSW. 13⅞ 93A$	100	94½	95	-0⅛	-0¼	15.66
Sweden 7½ 93 Ecu	250	95⅜	95⅞	-0⅛	+0¼	8.82
Sweden 15 94 A$	100	100¾	101¼	0	-0⅛	14.60
Toyota Mtr.Cr.11⅜ 92C$	150	101¼	101¾	0	+0¼	10.62
World Bank 7⅛ 99 FL	300	96⅛	96⅝	0	-0⅛	7.66
World Bank 13⅞ 92 A$	100	97¼	97⅝	0	+0¼	14.46
World Bank 14⅛ 94 A$	75	98⅝	99¼	-0⅛	0	14.55
Zentrspk. 13¼ 93 A$	75	†95	95½	+0⅛	+0¼	14.91

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.96	100.01	24/10	14.08
Bank of Greece 99 US	0¼	99.69	99.79	8/03	9¼
Belgium 91 US	0	100.20	100.30	21/02	8.81
Chelt.& Gloucester 94 £	.063	99.79	99.85	30/11	14.06
Credit Foncier 98 US	.063	99.95	100.35	20/10	10.16
Dresdner Finance 99 DM	.031	99.84	99.94	30/10	6.97
EEC 3 92 DM	0	100.00	100.10	22/02	6¾
Halifax BS 94 £	.1	100.10	100.15	9/11	13.97
Invt. in Industry 94 £	0⅛	99.94	100.04	24/11	14.06
Leeds Perm. B/S. 94 £	0⅛	100.19	100.24	15/01	15.37
Milk Mkt.Brd. 5 99 £	0⅛	99.91	99.96	29/12	14.94
New Zealand 5 97 £	.07	99.93	100.03	18/11	13.19
Northern Rock 92 £	0½	99.86	99.91	20/01	5¼
State Bk. Nsw. 98 US	.188	100.25	100.35	11/02	8.81
Woolwich Equit. BS. 93 £	0⅛	100.20	100.25	15/01	15.37
Woolwich 5 95 £	0⅛	99.93	99.98	21/11	14.06

Average price change... On day +0.00 on week 0.00

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	117¼	118¼	-3¼	2.54
Amer. Brands 7¾ 02 US	†9/87	56.7	122¼	123¼	+1	-1.92
CBS. Inc. 5 02 US	†4/87	200.	101½	102½	+0½	3.49
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	99½	100½	+0⅜	3.83
Primerica 5½ 02 US	4/87	66.75	73⅞	74⅞	+1⅜	71.90
Eng.China Clay 6½ 03 £	9/88	4.8	87¼	88¼	+0⅛	6.17
Fujitsu 3 99 US	5/84	1106.	221	222	+3⅞	0.26
Ladbroke Grp. 5⅛ 04 £	6/89	7.1	98⅞	99⅞	+1¼	139.99
Land Secs. 6¾ 02 £	6/87	6.72	84	85	-2¼	14.25
Minolta Camera 2¼ 94DM	12/86	1004.	107	109	+1	7.02
MCA INC 5½ 02 US	9/87	69.62	99⅞	100⅞	-0¼	11.82
Mitsubishi Bk. 3⅛ 04US	5/89	3266.	93	94	+1¼	3.99
Next Plc 5¾ 03 £	11/87	4.3	97⅛	98⅛	-0¼	337.28
Nikkei Nipp.Bk.2⅞ 03 US	4/88	884.	128	129	+1	2.29
Omnicom Inc. 6 1/2% 04 US	10/89	28.	101⅞	102⅞	-0¼	17.58
Omron Tateisi 2⅜ 02 US	†4/87	1310.	306	307	+0½	2.48
Ranks Hovis 4¾ 03 £	†1/88	3.5	117	118	+1	-0.18
Redland 7¼ 02 £	1/87	5.4	94½	95½	0	8.08
Saatchi&Stchi.6¾ 03 £	†10/89	4.41	92½	93½	+0½	33.16
Silicon Graphics 8 04 US	6/89	23.18	111½	112½	-0½	11.46
Sumitomo Bank 3¼ 04 US	2/89	3897.	84	85	+1½	5.55
Texas Inst. 2¾ 02 US	9/87	82.87	76½	77½	0	81.65
Utd.Newspapers 8 04 £	10/89	8.77	106½	107½	+2½	115.60
W.R. Grace 6¼ 02 US	9/87	42.12	93½	94½	-0¼	24.04

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SINS2; Line BONDSIN Truncation occurred. Story '838754'.

Swiss warn on issue link to Japanese equities

By William Dullforce in Berne

THE SWISS National Bank yesterday gave a warning over the current enthusiasm for Swiss franc bonds linked to Japanese equities.

Mr Hans Meyer, deputy president of the central bank, said investors buying options at elevated premiums on Japanese shares, which were already highly priced, were being optimistic.

Unusually high Swiss interest rates and the inverted yield curve between short- and long-term paper have had a marked impact on Swiss capital exports this year. According to Pictet, the Geneva-based private bank, the volume of new international issues in Swiss francs shrank by 24 per cent to SFr20.4bn ($12.6bn) in the first eight months, compared with the corresponding period in 1988.

In contrast, equity-linked issues, more than 90 per cent of which were written on Japanese shares, had surged by 93 per cent to SFr15.1bn by the end of August.

Mr Meyer said the concentration on Japanese paper could prove worrying if there was a sudden reversal of the price trend on the Japanese equity market.

After Friday's mini-crash on Wall Street, dealers reported on Monday a plunge in the prices of Swiss franc options and bonds convertible into Japanese shares. This was followed by a recovery on Tuesday, when it became clear that Tokyo was holding firm.

Mr Meyer also took issue, without being specific, with innovations on Swiss capital markets which hampered negotiability, restricted liquidity and "offered different combinations of risks instead of separating them out."

The most prominent recent innovation on the Swiss market has been the introduction of covered warrants, which are particularly attractive to foreign investors.

● Deutsche Bank has received approval from the Hungarian Finance Ministry to open a representative office in Budapest, Reuter reports.

The bank, West Germany's largest, already arranges financing for about 20 per cent of the trade in goods and services between Germany and Hungary. It would be the first German bank with offices in Hungary.

Commonwealth to launch $50m investment fund

By Lim Siong Hoon in Kuala Lumpur

THE COMMONWEALTH Heads of Government meeting in Kuala Lumpur has decided to launch a $50m multi-country investment trust.

The closed-end fund, to be called the Hibiscus Issue after Malaysia's national flower, will be managed by Batter March of Canada. Dealings in the shares, which are to be placed privately, will start early next year in London.

The issue will be the Commonwealth's first experiment in using private capital as a form of development funding. It will aim to combine commercial and social goals by spreading risks and helping to develop small markets.

Although capital is to be raised from 50 key institutional investors, largely from Britain, investment will be restricted to companies in the 49 Commonwealth countries.

Mr B. Persaud, director of economic affairs at the Commonwealth secretariat, said yesterday: "Initially, not all eligible countries will attract investment.

"It will be necessary to place a limit on the more established markets in order to encourage investment in the newer markets."

Investments in quoted companies will probably start in eight stock markets, beginning in London then moving to the Far East, the Caribbean and the Indian sub-continent. As many as 18 countries will be eligible initially.

The Commonwealth has also agreed to allow investments of up to 30 per cent of the fund's capital in unquoted companies, primarily in smaller member countries.

The investment company, to be based in a Commonwealth tax-haven country, will operate independently of the Commonwealth and its London secretariat. However, a director named by the Commonwealth will sit on the board with a private, consultative status.

Mr Persaud said that, in time, the fund was likely to develop a niche in the newer markets. "As they expand, they are likely to receive a higher allocation of funds."

If it succeeds, equity funding may be expanded to other forms, including venture capital and ultimately an umbrella fund.

Small rise in consumer prices boosts Treasuries

By Janet Bush in New York and Rachel Johnson in London

US TREASURY bonds yesterday rallied by more than ¾ point in response to an encouragingly small rise in consumer prices in September and the yield on the long bond fell below 8 per cent.

In late trading, the short end of the yield curve stood around ⅛ point higher while the long bond was quoted 1⅜ point higher for a yield of 7.96 per cent.

The CPI rose a seasonally adjusted 0.2 per cent in September compared with no change in August. Even stripping out the volatile food and energy components, the index rose by only 0.2 per cent. So far in calendar 1989, the CPI has grown at a 4.4 per cent annual rate, substantially below the annual rates seen in the worrying first quarter.

After three days of adding modest amounts of reserves to the banking system aimed at calming markets after the stock market plunge last Friday, the US Federal Reserve yesterday, the first day of the new statement fortnight, drained funds through four-day matched sales.

The Fed has a drain need over the next two weeks but the fact that it has resumed draining reflects the fact that the central bank feels that markets have calmed down enough to return to more normal open market operations, according to Mr Larry Leuzzi, bond economist at S.G. Warburg Securities in New York.

The Fed entered the market when Fed funds were trading at 8⅞ per cent, around where bond analysts feel the current official target is. Fedwatchers believe that the Fed has eased modestly to around 8¾ per cent to 8¾ per cent since the round of European rate rises early this month.

GOVERNMENT BONDS

They expect recent economic figures such as a 5.2 per cent fall in housing starts in September as well as yesterday's evidence of subdued inflation should bias the Fed towards further easing to 8½ per cent, perhaps over the next two weeks.

However, Mr Leuzzi believes the Fed will wait for some more weak data before clearly signalling a move to 8½ per cent. Only at that point does he expect that commercial banks will move to cut their prime rates from the current 10.5 per cent.

■ A STREAM of economic data issued yesterday sent the UK government bond market lower, as it struggled to consolidate the gains made during the "mini" stock market crash.

Gilts had a quiet day, opening a fraction lower until statistics showing a jump in public borrowing in September caused a slight upset. However, the cash market ended the day broadly unchanged, with the 9 per cent 2008 stock, for example, closing at 94.24 to yield 9.6 per cent. Liffe futures also weakened slightly at the data, opening at 92.30 and closing at 92.31. Long gilts opened lower at 92⅞ from 92⅛ at its last close.

The markets were nervous ahead of last night's speech on economic policy by Mr Nigel Lawson, the UK Chancellor. However, they had no time to react to the boost the speech was expected to give sterling.

■ IN THE German government bond market, volumes were much smaller than over the last few days – which have seen a record number of contracts traded in December futures.

Investors remained attracted to shorter-dated stocks, although traders said there was some UK institutional interest at both ends of the yield curve.

This gave reassurance that the market would hold on to at least some of the price gains made over the last few days. Across the board, bunds were about 75 cents higher than they were last Friday.

The September 1999 bond closed on Friday at 99.20, leapt to 99.40 on Monday and was still high yesterday at 99.95.

The Dutch and French markets were described as wholly reactive to the dollar and US equity markets. The focus has for now shifted away from economic fundamentals and the activities of the Bundesbank.

● The People's Bank of China has issued a regulation to state banks and financial companies banning several kinds of loans, Reuter reports from Peking.

Loans are forbidden to projects outside the state plan, non-manufacturing construction projects, self-funded capital construction projects, cotton, wool and cigarette plants and small oil refineries.

Also proscribed are companies that lose money or have large inventories, companies involved in speculation and hoarding, non-state companies purchasing grain or cotton, companies that profiteer by transporting farm goods and companies which expand fixed assets by obtaining loans in advance.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-20	-4/32	11.70	11.80	11.13
		9.750	1/98	95-11	+1/32	10.80	10.75	10.36
		9.000	10/08	94-24	+2/32	9.61	9.72	9.43
US TREASURY *		8.000	8/99	100-10	+15/32	7.95	8.04	8.08
		8.125	8/19	101-25	+31/32	7.97	8.02	8.08
JAPAN	No 111	4.600	6/98	95.7580	+0.029	5.32	5.45	5.28
	No 2	5.700	3/07	104.3600	+0.095	5.22	5.20	5.17
GERMANY		6.750	6/99	98.1500	-	7.01	7.08	6.90
FRANCE	BTAN	8.000	7/94	95.3084	-0.322	9.24	9.31	8.90
	OAT	8.125	5/99	95.5200	-0.030	8.82	8.87	8.58
CANADA *		9.500	10/98	100.0000	0.175	9.49	9.64	9.62
NETHERLANDS		7.250	7/99	98.8500	+0.119	7.44	7.48	7.24
AUSTRALIA		12.000	7/99	91.2520	-0.148	13.64	13.73	13.23

London closing, *denotes New York close
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Circuit breakers triumph in the panic test

Katharine Campbell on how new safety valves in the market passed the first big trial

Circuit breakers, the financial world's latest contribution to obscure jargon, were among the more visible aspects of market reform in the wake of the last crash.

Introduced somewhat unwillingly by a group of beleaguered US securities and derivatives exchanges, it is surprising they worked as well as they did in their first big test a few days ago.

There is nothing new about the concept of a circuit breaker. The most efficient so far is the weekend which, as recent events showed, permits a diffusion of panic and allows time for informed reassessment of market and economic conditions.

There are other devices designed to calm fast markets too. For example, when the specialist system on the New York Stock Exchange is overloaded there is a pause to allow individual specialists to resolve the imbalances.

But the present circuit breakers specifically take account of the closer links between different markets, created by a series of trading techniques that deploy securities, futures and options as part of one portfolio.

In the absence of anything else, the speed of the market's fall on October 19 1987 was blamed on new forms of computerised trading. The small investor, it was argued, was being hurt by the new "commoditised" markets which had developed a new ingredient – dramatic volatility swings.

Circuit breakers were an attempt to curb the wilder excesses, although to some the move smacked of a forlorn effort at rolling back the investment technology clock.

The backbone of the circuit breaker mechanism was provided by an agreement last year on the anniversary of the 1987 crash between the New York Stock Exchange and the *Chicago Mercantile Exchange* (CME). The deal set out various forms of co-operation between the two markets on a one-year pilot programme, which has just been extended by a further year. Some of the essential trigger points are:

- If the S&P 500 futures contract opens up or down 5 points from the previous day's close, that limit is maintained for up to 10 minutes. If no buy orders have materialised by then, there is a trading halt of two minutes before a second opening range is established;
- When the S&P 500 futures contract falls 12 points, equivalent to 96 points on the Dow Jones Industrial Average, the limit is maintained for 30 minutes. Transactions can only be effected at the limit price.
- At this point the so-called "sidecar" comes into effect at the NYSE. This isolates program trades – encompassing a variety of computer-assisted investment strategies – from the other orders entering the exchange by the SuperDoT electronic feed and shepherds them into a separate computer file.

There, buy and sell orders for each individual stock are matched and after five minutes the paired amounts are conveyed to the stock specialist. Trading in stocks with imbalances – Disney was the sole example last Friday – is halted until the position can be resolved;

- If the S&P 500 futures contract falls a further 18 points the limit remains in place for another 30 minutes.
- Trading on the NYSE is not halted until the Dow has fallen the 250 points, at which time all equities and futures trading ends for an hour. The futures *contract cannot reopen until at* least 50 per cent, by capitalisation of the stocks in the cash index of the cash index, has been restarted.

If the index falls a further 150 points in the same day trading stops for another two hours;

- Other exchanges have similar arrangements. For example, the Chicago Board Options Exchange (CBOE) makes its decision as to whether to halt trading on the S&P 100 index option (OEX) according to the futures and cash market trigger levels.

The overall mechanism judged to have worked this time follows the recommendations of the Brady report, drawn up after the 1987 crash, except for the recommendation that all markets should close simultaneously.

It proved impossible to co-ordinate all the markets, partly because some exchanges appreciated the commercial attractions of remaining open while their rivals closed.

But the lack of co-ordination has attracted some criticism. When the S&P 500 future reopened after the first circuit breaker was instituted at the 12-point mark a week ago, the CBOE remained closed for the rest of the day.

This resulted from the way the options market operates – by means of a cumbersome opening rotation where the price is set in each of a multiple of options series. In a fast-falling market it is almost impossible to affect the process and there have been calls for the CBOE to improve the system, as it said it would after problems in 1987.

Meanwhile, the trading techniques that prompted the circuit breakers in the first place *have changed substantially in* the last two years.

The infamous portfolio insurance techniques – dismissed by one investment banker as "academics playing at being fund managers" – have disappeared.

So the cascading effect of huge futures sell orders in a plummeting market – the Achilles' heel of the flawed strategy to protect a portfolio's value – is less of a danger. Indeed, one of the newer computer-assisted techniques – tactical asset allocation (TAA), where fund managers switch on a short-term view between classes of assets – has a positively stabilising effect as the system will tend to buy into falling prices and sell into rallies.

At the same time, some fund managers cautiously welcome circuit breakers in a TAA context as allowing time to make reassessments and adjust models.

The NYSE's monthly data on program trading indicates that about 10 per cent of total turnover is attributable to program trading of one form or another. More than half of this is so-called index arbitrage, whereby firms take advantage of discrepancies between cash and futures prices by selling one and buying the other.

Such was the furore about program trading – a rather ill-defined bogey for the months following October 1987 – that a number of Wall Street firms very publicly stopped performing index arbitrage strategies for their own account.

Now the practice has resumed, and is far from destabilising.

On Monday, for instance, it was a group of index arbitrageurs selling futures and buying securities that helped sustain the Dow rally that began soon after opening.

The arbitrageurs believed that futures prices, which had opened at a discount to the cash price, had moved to a sufficient premium to warrant such trades – although cynics pointed out that many had lost money because the price of the cash index that appeared on the screen was only a poor guide, as many component stocks had not yet opened.

It is therefore difficult to point to particular strategies that are inherently stabilising. But the reason circuit breakers are more appropriate to the US markets – they have not been introduced elsewhere – is at least as much to do with the simple fact of a highly automated transmission process, SuperDoT, which allows for sell orders of all kinds to be routed to the specialists at the press of a button.

One fear about the breaks, though, which is yet to be tested, is that they could act "like magnets," as one fund manager put it, inducing panic selling as the limit approaches.

And there is the more fundamental concern is that while they may work if the selling is relatively mild, they could exacerbate fears and frustrations if, one after another, circuits are tripped in a crash of 1987 proportions, making it impossible for the market to reopen.

Sturge drops legal fight

C. STURGE, a futures broker disciplined by the Association of Futures Brokers and Dealers, has dropped High Court proceedings instituted last January against the self-regulatory organisation, a week before the issue was due to come to trial, writes Katharine Campbell.

Mr Eamonn Ledwidge, recently appointed managing director, explained the withdrawal by saying he recognised that the AFBD had to be seen to be in a position to regulate. The firm will pay the AFBD's costs.

Serious accounting, compliance and financial resource *problems identified by the* AFBD led to it barring the firm, at the beginning of the year, from handling new client business.

Some other restrictions imposed at the time have been lifted.

French and UK discount houses in link

A JOINT venture between Cater Allen Futures, a subsidiary of the London discount house, and Caisse de Gestion Mobilière (CGM), the Paris-based discount house, anticipates *increased opportunities* resulting from the single European market after 1992, Colin Millham writes.

Cater Allen will now provide a full broking and advisory service on the Matif in Paris, and CGM has a reciprocal arrangement on the London International Financial Futures Exchange.

According to Mr Tony la Roche, managing director of Cater Allen Futures, as a discount house the parent company has always dealt in the sterling markets. But after 1992 it could find itself trading other European paper, including French government bonds.

Earlier this year GNI, the futures broking arm of discount house Gerrard & National, formed Trifutures, a joint venture between it and two French institutions. The new firm will operate on the floor of the Matif.

The increasing interest of British institutions in the Matif follows the French futures exchange's dramatic growth during its three-year existence. Last month its total turnover exceeded that of Liffe by a clear margin.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thursday October 19 1989

[illegible]

FIXED INTEREST

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	15	68	20
Corporations, Dominion and Foreign Bonds	1	12	29
Industrials	721	194	682
Financial and Properties	315	76	283
Oils	37	14	43
Plantations	2	0	9
Mines	60	27	85
Others	68	82	104
Totals	1,219	473	1,256

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings: Oct 9
- Last Dealings: Oct 20
- Last Declarations: Jan 11
- For settlement: Jan 22

For rate indications see end of London Share Service

Calls in Atlantic Res, Kelt Energy, Regentcrest, Eurocopy, Helical Bar, Osory, NSM, First Nat, Ferranti, Leis Inv, Put Jaguar.

LONDON TRADED OPTIONS

THE LONDON traded options market continued to be dominated by the movements on the stock market, with investors still comparatively wary of individual company options after the large declines earlier in the week. The FT-SE 100 index option accounted for nearly half of the day's turnover, with business weighted towards October puts.

The FT-SE opened 8 points lower but quickly moved into positive territory, influenced by the strong gains made by the FT-SE December futures contract. Dealers on the London International Financial Futures Exchange were believed to be short of the FT-SE and for most of the day December traded at a 10 to 20 point premium over the cash index. However, unlike at the start of the week, the gains in the futures market did not coincide with any additional business in options.

The cash market gradually climbed to a high of up 25 but never managed to close the gap on the futures market. The slow move up by the stock market contrasted with the sharp movements of earlier in the week and led to a fall in the options markets' volatility. Dealers said implied volatility on individual stock options fell from an average of around 35 to 40 per cent on Monday to 25 to 30 per cent yesterday. The FT-SE's volatility for December series fell from 25 to about 22 per cent.

The decline in volatility did not lead, however, to an increase in institutional business. Again, institutions waited on the sidelines, uncertain as to the strength of the market's gradual recovery, dealers said. Instead, activity tended to be transacted in small quantities and was dominated by trade between market makers and fresh private client business.

Turnover in the FT-SE index option amounted to 20,906 contracts, of which 13,579 puts and 7,326 were calls. The busiest series was the October 2,200 put, which traded 1,998 lots. Total turnover on the options market amounted to 42,120 contracts, of which 21,314 were calls and 20,806 were puts.

[illegible]

Offer 'seriously undervalues' Pearl

By John Ridding

PEARL GROUP, the UK life assurance company which is facing a £1.1bn hostile bid from Australian Mutual Provident, Australia's largest life company, yesterday stressed its performance as an investment in urging shareholders to reject the "wholly unacceptable" offer.

In its defence document Pearl claims that it has provided "outstanding returns to shareholders" and that it is innovating successfully within the changing UK life insurance market.

Mr Einion Holland, chairman, said AMP's offer "seriously undervalues Pearl" and that "the quality of the company's earnings is rare and should not be given up on short term considerations."

But AMP said "it saw nothing new in the document" and that it continued to regard its 605p per share offer as generous and containing a significant premium for control.

One analyst said investors were waiting to see an appraisal value for Pearl, which will estimate the present and future value of its businesses and which is currently being *calculated by independent actuaries*.

Pearl argues that its record of earnings per share growth – an annual compound rate of 35 per cent between 1984 and 1988 – is the second highest achieved by the listed constituent companies in the FT-A life assurance sector.

It also claims that "over the five years to September 28 1989, the day prior to the speculative rise in its price, Pearl's share price outperformed every other listed company in the life assurance sector."

AMP countered that shareholders knew about this record at the beginning of June when the shares were 394p. It described appraisal values as "a nice concept" but said investors would continue to focus on dividend yield.

Pearl rejects AMP's criticism that it has failed to respond to the changes in the UK insurance market and is over-dependent on declining industrial branch business – in which premiums are collected by a sales force.

It says that it has successfully introduced new products such as personal pensions and that the incorporation of single premium income into a measure for premium growth shows an increasing contribution from its ordinary branch.

With respect to AMP's UK record, Pearl argues that figures from a Money Management survey show that AMP was ranked 50th out of 63 in terms of returns to endowment policyholders and 31st out of 32 for returns on annual premium personal pension policies. AMP replied yesterday that such statistics were "of little relevance in a cash offer."

Sintrom selling subsidiary

SINTROM, the computer networks and services company, is negotiating to sell its Perex subsidiary to management for between £1.2m and £1.4m, writes Jane Fuller.

Mr Peter Radford, Perex finance director, said 50 per cent of the financing would be equity capital and the rest would be borrowed against assets. Details are still being negotiated.

Perex, which manufactures computer peripherals from a factory in Reading, made profits of £665,000 on turnover of about £7.2m in 1988. This shows a recovery

Celltech seeking new chief executive

By Peter Marsh

CELLTECH, the UK biotechnology company, is seeking a new chief executive to replace Mr Gerard Fairtlough, the head of the company since it started in 1980.

Mr Fairtlough, 59, could stay on until he is 65 but is keen to bow out before then to spend more time on outside interests.

No date has been given for when Mr Fairtlough will stand down. He said Celltech was "looking around for a successor, from both inside and outside the company". He would not leave his job until a suitable person had been found.

It is thought Mr Fairtlough may be willing to stay on at the company in a non-executive role after he leaves the top job.

Celltech, which last year made taxable profits of £125,000 on sales of £16.6m, is developing a range of biotechnology-based drugs including agents to treat cancer and arthritis.

Most of the company's sales come from contract manufacturing services and from joint development projects with other groups. It hopes to build up revenues from its own products in the early to mid-1990s and tentatively plans to go public around this time.

Progress at Celltech has been slower than some observers had hoped and it is thought the company may look for someone to head it with a strong commercial record in the mainstream pharmaceutical industry.

One contender to replace Mr Fairtlough is Mr David Gration, 50, an ex-Boots executive, who has been chief operating officer at Celltech since 1987.

TransAtlantic and UAP agree rules to govern Sun Life stakes

By Eric Short

THE TWO biggest shareholders in Sun Life Assurance Society – TransAtlantic Holdings with 29.8 per cent and Societe Centrale Union des Assurances de Paris with 22.9 per cent – have, through an exchange of letters, formally established their relationship with each other and their role in Sun Life.

This clears the path for a bid by either party for Sun Life, though the market does not expect a move in this direction to be made for some time.

The combined shareholding of TransAtlantic and UAP, amounting to more than 50 per cent, made Sun Life proof against a hostile bid.

But their large stakes also caused uncertainty and instability, particularly regarding Sun Life's future development.

Under the new arrangement, referred to as a "Texan Auction," Transatlantic, controlled by the extrovert South African entrepreneur, Mr Donald Gordon, agrees not to make a bid for Sun Life without UAP's prior agreement.

TransAtlantic has *the right* at any time to require UAP to acquire its shareholding at a price set by TransAtlantic. If UAP accepts, then under Rule 9 of the Takeover Panel Code UAP would have to bid for the rest of Sun Life's shares.

If UAP does not accept within 40 days, TransAtlantic would be required to acquire UAP's *shares* at the set price, again triggering a bid.

Although UAP does not need the prior approval of TransAtlantic before making a bid for Sun Life, the effect of the agreement is that neither TransAtlantic nor UAP could make a bid without the prior agreement of the other. This procedure also protects the interests of the other shareholders in Sun Life.

The agreement concludes the saga of problems between Sun Life and TransAtlantic and last year's abortive attempt by Sun Life to form a cross-shareholding link with UAP.

Mr Peter Grant, chairman of Sun Life, welcomed the *news* that the two investors had reached this "amicable and helpful accord." The group now *had a stable base for* growth both in the UK and in Europe.

The whole tenor of the exchange of letters implies that a bid from either TransAtlantic or UAP is very much in mind.

However, both groups state emphatically that they have no current intention of implementing the agreed procedures – that is neither has any intention of making a bid.

UAP has indicated that it intends to raise its holding in Sun Life to 26 per cent, but has not mentioned a time scale.

Both groups seem content with the current position, where through board representation they are able to influence, if not control, the development of Sun Life. UAP has access to Sun Life's expertise in investment and product development.

The news prompted a 60p rise in Sun Life's price to 1158p, with trading in its shares at 311,000 well above normal. This implies that the *market is expecting a bid* at some time from UAP, though analysts feel that UAP will wait until Sun Life has established *itself in Europe*.

See Lex

DRG holders show little enthusiasm for £697m hostile Pembridge bid

By Clare Pearson

MR ROLAND FRANKLIN's Pembridge Investments' £697m hostile takeover offer for DRG, the paper and packaging company, had attracted valid acceptances in respect of 3.47m shares, or 3.2 per cent, by the first closing date on Wednesday.

This brings to a total of 33.1 per cent the number of ordinary shares now held by Pembridge or persons presumed to be acting in concert with it, or in respect of which valid acceptances have been received.

The cash offer is being extended for an unusually short period – until October 27, instead of the more normal two or three weeks.

Pembridge said this date had been set in the light of volatile stock market conditions.

Schroders, adviser to the Bermuda-based vehicle, added: "Excluding DRG, the sector has fallen by 15 per cent since we announced the bid last month.

We have to consider the possible effects of any further sharp falls on planned disposals of DRG's businesses."

Pembridge itself now accounts for 29.5 per cent of the shares after raiding the market when it fell sharply on Monday. But it has said further share purchases would be "only one option under review" assuming it gains Office of Fair Trading clearance enabling it to carry them out.

DRG's shares, which have remained below the 590p terms of the offer since Monday morning, yesterday closed 2p higher at 582p.

Pembridge, together with persons acting in concert, additionally owns 34.3 per cent of DRG's convertible bonds.

Sears Group

Sears Group subsidiary Broadstoner Holdings, formerly Sears Engineering Holdings, reported pre-tax profits of £6.6m (£4.7m) in the six months to July 31. Rental and other income totalled £100,000 (£200,000) and interest receivable came to £6.5m (£4.5m).

The company said that the result related mainly to interest earned on surplus funds lent to the parent group.

British Shoe Corporation, another Sears subsidiary, disclosed reduced pre-tax profits of £51.5m (£57.8m) from turnover of £448.3m (£464.6m).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Cohen (A)	int	6.6	Feb 7	6	-	21
Elswick	int	0.2	Jan 19	0.15	-	0.45
Fisher (Albert)	fin	1.5	Jan 5	1	2.75†	2.25
Forward Group §	int	1	Dec 29	1	-	3.1
Gerrard & Nat	int	3	Dec 8	3	-	18.5
Harding Group §	int	1.1	Nov 30	1.1	-	2.75
London & Assoc	int	0.05	Jan 2	0.15	-	0.4
Regentcrest	fin	0.5	Dec 11	1.5	0.5	1.5
River/Merc Geer	int	1.3	Dec 29	1.2	-	6.2
Scot Mort & Tst	int	1.1	-	0.9	-	2.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

SHARE STAKES

The following changes in company share stakes have been announced recently:

ATP Communications: Mr AR Thirkhill, chief executive, has purchased 42,300 ordinary at 27¼p, increasing his holding to 1.62m (12.6 per cent). Also Ms K Waddington, a director, has lifted her holding to 20,320 (0.16 per cent) with the purchase of 3,600 at the same price; Mr D Newton, a director, has lifted his holding to 7,550 (0.06 per cent) with the purchase of 5,500 – again at the same price. C Cadman, a non-executive director, has bought 7,200 for a holding of 0.05 per cent.

Atlas Converting Equipment: MJ Gavin, a director, has sold 98,000 shares, reducing to the residual holding to 400,000 (4.95 per cent). JL Southall, also a director, has sold 250,000, for a reduced residual holding of 500,000 (6.19 per cent).

Casket: York Nominees ('A' Account) has acquired 520,000 ordinary. The holding is now 7.38m (19.5 per cent). The beneficial owners of the shares are: Selective Investment (1.59m); Mr Michael McDonnell (795,535); Mr Frederic Hamilton (1.59m); WSGP International (1.59m); Edward Cook (795,535); Harry Turpin (700,000); and Vythi Menon (311,819).

Central Independent Television: P Gardner, a director, has validly exercised an option to acquire 16,250 ordinary.

Courtney Pope (Holdings): BR Norris, a director, has disposed of 100,000 ordinary at 197½p, for a reduced holding of 965,188 (6.89 per cent).

Cresta Holdings: Mr Thomas Dootson has lifted his holding to 3.48m ordinary with the acquisition of 50,000 (0.1 per cent) at 80p per share.

Electronic Data Processing: Mr RJ Jowitt, managing director, has bought 10,000 ordinary at 60p per share, lifting his holding to 1.04m (12.04 per cent).

Empire Stores: Gecos has raised its holding to 9.49m ordinary (24.17 per cent) with the acquisition of 150,000.

Folkes Group: Caparo Investments has acquired 200,000 ordinary, increasing its holding to 1.14m (9.08 per cent).

Ford Sellar Morris: Mr IG Sellar, a director, holds 9.77m ordinary and has rights over a further 2.02m, for a total of 11.8m (27.4 per cent).

Frost Group: John Govett has bought 124,204 ordinary on behalf of a client under its discretionary investment management. The shares held by such clients total 2.89m (20.33 per cent).

Garton Engineering: National Farmers Union Mutual Insurance Society owns 100,000 ordinary and its subsidiary, NFU Mutual Management Company, owns 95,800. When totalled, this makes 5.28 per cent.

Geddes Resources: Through a private placement, Northgate Exploration has bought 1.85m common shares and warrants to buy a further 1.85m. This gives it 6.7m (31 per cent).

Guidehouse Group: SJ Thorn has disposed of 5,000 ordinary at 47p per share, for a reduced holding of 1.8m (8.09 per cent).

Hadleigh Industries: Thornton Investment Management has acquired 37,000 ordinary, lifting its holding to 286,500 (5.73 per cent). The registered holders are Wolverhampton Borough Council, Midland Bank Trust a/c and Boston Safe Nominees.

Hambro Countrywide: Following the acquisition of Wright Oliphant, Hambros' holding has been reduced to 51.63 (51.79) per cent, and Guardian Royal Exchange Assurance's has been increased to 21.53 (18.88) per cent.

Hampson Industries: Mr EL Lattimer has given away through certain gifts 202,160 ordinary, reducing his holding to 5.68m (10.4 per cent).

Hartons Group: Suter has, through its wholly-owned subsidiary, Longform, increased its interest to 5.98m ordinary (8.19 per cent) and 294,000 7 per cent convertible cumulative redeemable preference shares (5.37 per cent).

Hewetson: Magwest Nominees holds 430,000 ordinary (6.3 per cent).

Jerome (S) & Sons: Mr Richard Hugh Jerome, a director, now has a beneficial interest in 315,332 ordinary (4.21 per cent), a non-beneficial interest in 778,591 (10.39 per cent), and in trust 71,000 (0.95 per cent).

Kalon Group: Mr Leslie Howard Silver, a director, has acquired 32,000 ordinary at 31p per share. His holding is now 33.34m (28.09 per cent).

Ketson: Lothian Regional Council Active Smaller Companies Fund has acquired 450,000 ordinary, lifting its holding to 7.84m (10.2 per cent).

Lawtex: United Overseas is now interested in 645,000 (16.13 per cent) after the purchase of 100,000.

Lucas Industries: 18.44m ordinary (10.84 per cent) have been transferred from Lucas Staff Pensions Trust and Lucas Works Pension Trust to Lucas Pension Trust.

Multitrust: Aberdeen Trust has lifted its holding to 436,500 ordinary (10.05 per cent) with the acquisition of 20,000.

NMC Group: Mr Crispin J Barker has acquired 90,000 ordinary at 120p per share, increasing his holding to 3.34m (8.57 per cent). The shares are registered in the name of Midland Bank Trustees.

Northern Industrial Improvement Trust: AH Kellett has given 12,926 ordinary to a family trust, for a reduced beneficial interest of 64,080 (5.25 per cent) and non-beneficial of 76,000 (6.23 per cent).

Oceonics Group: EBC Nominees (Jersey) is now the registered holder of 6.27m ordinary (5.7 per cent).

Osprey Communications: Mr Ron Sidaway, a director, has disposed of 155,000 ordinary at 88p apiece, reducing his holding to 505,657 (4.22 per cent).

Owl Creek Investments: CH Commercial Holdings has lifted its holding to 11.3m shares (14.92 per cent). Also Telfos Holdings has acquired 2m (2.64 per cent).

Phoenix Timber: Mercurius Gruppen, of Stockholm, has acquired an interest in 1.11m ordinary (7.7 per cent).

Pifco Holdings: JM Webber, a director, has disposed of 9,500 ordinary for a reduced holding of 192,900 (8.46 per cent).

PML Group: Transamerican Express Financial Services has acquired 100,000 ordinary, lifting its holding to 10.13m (23.02 per cent). Mr Joseph C Lewis is the beneficial owner. Also Mr Herbert Maurice Berman has acquired 150,000 increasing his holding to 4.18m (9.51 per cent).

Record Holdings: Mr AA Taberner, a director, has acquired 29,000 ordinary at 92p per share, for an increased holding of 1.43m (5.54 per cent).

Refuge Group: Athena, the French group, has increased its holding to 9.34 per cent.

Ritz Design: Mr Michael J Bancroft, a director, has acquired 27,400 ordinary at 97p per share, raising his holding to 1.88m (20.8 per cent).

River & Mercantile American Capital and Income Trust: National Rivers Authority Suspense Account has reduced its holding to 17m capital shares (45.3 per cent).

Scott & Robinson: Singer & Friedlander has disposed of 147,327 7½ per cent cumulative convertible redeemable preference shares, reducing its holding to 1.44m (9.84 per cent). The shares are registered in the name of Sinjul Investments. S&F has also disposed of the same number of ordinary.

Scottish, English & European Textiles: Redbird Holding, a Panamanian company, holds 300,000 ordinary (7.48 per cent).

Sintrom: Thomas Dalzell, director, has acquired 50,000 ordinary at 87p per share, increasing the holding to 6.07m (59.4 per cent).

Smith New Court: Rothschild Group has acquired 300,000 ordinary, lifting its holding of voting shares to 8.88m (29.39 per cent).

Spear (JW): The holding by PN Harris and KBS Crowhurst (Spear family trust) is unchanged at 812,154 ordinary shares, although the percentage stake has been diluted to 16.68 per cent (20 per cent) by the issue of shares for an acquisition. This clarifies a disclosure which was published in Share Stakes on October 13.

Telemetrix: Quail Investment has exercised its option to acquire from Titan International 2m ordinary. Separately Titan has since bought 150,000 ordinary, for a direct and indirect holding of 55.74m (66.07 per cent).

Thorntons: Mr Christopher Paul Spencer has acquired 762,000 ordinary on a non-beneficial basis, for an increased holding of 3.35m (5.32 per cent).

TR Australia: British Coal Staff Superannuation Scheme/Mineworkers' Pension Scheme has acquired 550,000 ordinary, lifting its holding to 5.55m (12.01 per cent).

Union Square: AI Spencer has acquired 25,000 ordinary at 30p per share for an increased holding of 7.81m (12.1 per cent) and AM Green has acquired the same number at the same price for an increased holding of 7.72m (12 per cent).

Whitegate Leisure: Invest International Holdings, a Luxembourg company controlled by Isfina, the industrial holding company of the Italian Bonomi family, has acquired 1.07m further shares, lifting its holding to 7.97m (5.75 per cent).

Wood (John D): Mr George M Pope, joint chairman and finance director, has sold 100,000 shares at 59½p per share, reducing his holding to 1.79m (23.22 per cent).

UK COMPANY NEWS

Acquisitions contribute to Albert Fisher's 35% advance to £45m

By Clare Pearson

ACQUISITIONS IN the US and continental Europe helped Albert Fisher Group, the food distributor and processor, lift pre-tax profits by 35 per cent to £44.97m in the year to end-August. On a pro forma basis there was underlying organic growth of 24 per cent, said Mr Tony Millar, chairman. "I look forward to continuing strong underlying growth in the future," he added.

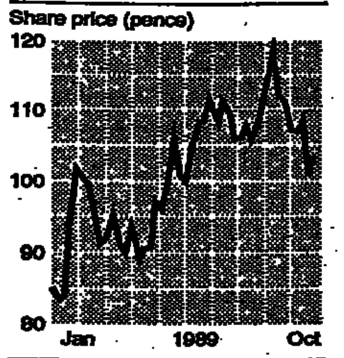
Mr Millar said he did not expect an economic slowdown in the UK or elsewhere to have any adverse affects on the company. He emphasised the further benefits to come from the trend towards healthy eating, "which would significantly increase the volume of fresh produce consumed in the years ahead."

In August, Fisher announced a £45m expansion via five acquisitions in the US and continental Europe, including shellfish companies in the Netherlands and a Georgia-based distribution company. This month, it has topped up its northern Californian operations with the purchase of Royal Foods, a fresh fruit and vegetables supplier.

As a result of a concerted push on to the continent over the past two financial years, this area now accounts for about 35 per cent of profits. The total European contribution to operating profits was some 64 per cent with the US making up the balance.

Reorganisations at Ziff, the US paper and plastic disposables subsidiary, which involved a 25 per cent reduction in staff, were now complete. These gave rise to a £2.4m extraordinary charge in the full year figures. Fisher said the future of Ziff was now under review.

Fisher has this month arranged a £150m multi-option facility. It has committed itself to a "frugal" approach to issuing shares.



Turnover was up at £830.6m (£536.1m) and basic earnings per share rose from 6.71p to 8.26p. The final dividend is 1.5p tomake 2.75p (2.25p) for the year.

● **COMMENT**

There was nothing in these figures, which emerged slightly ahead of expectations, to worry the Albert Fisher fan club. The company, defying concerns that deprived its shares of a glamour rating after the stock market crash two years ago, just keeps on achieving superior rates of growth through its strategy of buying up usually family-owned corners of the highly fragmented fresh food services business. As a result it now commands some 20 per cent of the market in Florida, making it easily the leader, with all the consequent benefits. Its push for a bigger share of the West Coast market is but one part of its further plans. Just at the moment its geographical spread, and resultant balance of currencies, together with relatively low borrowing levels, are a further attraction. Analysts expect earnings growth of at least 15 per cent this year, with pre-tax profits approaching £60m. On a prospective p/e under 11, the shares look solidly attractive.

Pennant Props to sell stake in US company

By Ray Bashford

PENNANT PROPERTIES will today announce the disposal of its 57 per cent stake in Bay Financial, the US property company which is experiencing severe financial difficulties.

The sale comes two days after reports that the US company might be forced to file for protection from creditors under Chapter 11.

Bay's problems have increased during the two years since Pennant Holdings, the Australian mining, property and construction company, acquired a 50.9 per cent in Country and New Town Properties and changed its name to Pennant Properties.

The US group's shares have fallen from $9 to about $1.50 on Wall Street this year and they came under increased pressure earlier this week when the company disclosed that the fair market value of the shares was $6 compared with $20 at the same date last year.

It has suffered from high gearing and long delays in the disposal of properties because of complicated ownership structures covering some of the important sites in the portfolio, Mr Brian Johnson, the head of Pennant Holdings, said.

He denied that Bay Financial was likely to file for Chapter 11 adding that the disposal of the stake would "leave us with a nice clean company".

Pennant Properties was forced to make a £7.9m write-down in Bay Financial last year and is expected to make a bigger write-down in the current 12 months. Mr Johnson said that the impact of the Bay difficulties would be largely offset by the revaluation and disposal of the group's London properties.

The stake in Pennant Properties was purchased from British & Commonwealth Holdings which is understood to have paid up to $30m for the stake in Bay Financial.

Pennant Holdings announced last June that it was planning to sell the holding in the Pennant Properties.

It is understood that discussions about a restructuring of the UK company are advanced but do not involve the disposal of the entire holding. The Bay Financial holding has delayed efforts to find a suitable partner for a restructuring.

Approaches received for Talbex aerosols division

By Clay Harris

THE RECEIVERS appointed on Tuesday at Talbex Group have received inquiries from several parties interesting in buying the company's aerosols division.

Approaches have come from within the UK and from other countries, Mr Roger Marsh, one of the joint administrative receivers, said yesterday.

Mr Marsh and his Price Waterhouse colleague, Mr Gordon Horsfield, will shortly be preparing a sales memorandum to send to serious contenders.

They plan to offer the entire division, comprising factories at Scunthorpe and Grimsby, as a going concern. Management at the latter plant have been trying since April to put together a buy-out.

The Scunthorpe factory is likely to be more attractive to buyers, however. Opened last year, it was specially designed for the bulk storage and handling of hydrocarbon propellants, which have largely replaced chlorofluorocarbons.

Mr Keith Moore, regional organiser for the GMB, the union which holds recognition rights at the Scunthorpe plant, said yesterday that his members supported the receivers' search for a buyer.

Gerrard & National reports progress

By David Lascelles, Banking Editor

GERRARD & National Holdings, the City of London discount house and financial services group, reported that interim profits this year were higher than last, though as is customary it gave no figures.

The group said that the recent turbulence in the stock markets had caused considerable volatility in interest rates. But with sterling remaining vulnerable on the foreign exchange markets, the company was not expecting any early fall in UK interest rates.

Mr Brian Williamson, chairman, said the group had anticipated the rises in interest rates, and had made a profit in five of the six months in the period. He said he hoped that rates were now at a sufficient level to bring the economy into balance, but it would be "a long process".

The group declared an unchanged interim dividend of 3p.

Last year, the sharp rise in interest rates cut Gerrard's profits from £7m to £1.7m.

Capita considers sale of subsidiary

Capita Group, the public sector management consultancy floated on the USM in April, is considering whether to sell its temporary placement subsidiary to management.

The company said that negotiations were in progress with staff at PSC, the Birmingham-based subsidiary which in 1988 incurred a pre-tax loss of £65,663 on fee income of £749,631.

Wyevale Garden Centres

Mr Peter Williamson, the deputy chairman of Wyevale Garden Centres, has disposed of 420,000 ordinary shares, reducing his holding to 24.17 per cent.

Mr CC Powell, the chairman, has acquired 360,000 of the shares. His holding is now increased to 9.19 per cent.

Amstrad unveils board changes to answer main challenges

By Andrew Hill

AMSTRAD, the consumer electronics group, yesterday confirmed details of a board reshuffle linked to its new corporate structure.

The moves are aimed at restoring growth and profit margins, following reduced profits for the year to June 30.

The group also announced that the closure of the audio division – its original business – would lead to the loss of 150 jobs at its plant near Southend.

Amstrad is to specialise in video, digital television and satellite television receivers.

On Tuesday, revealing annual pre-tax profits more than halved to £76.6m, Amstrad announced that it was establishing a new company, Amstrad UK, to manage its British subsidiaries.

The principal board changes will answer the most important challenges for the whole group, including the management of overseas subsidiaries, reduction of costs and the control of inventory levels.

Mr Peter Thoms has joined as finance director from Gillette, freeing Mr Ken Ashcroft to become corporate finance director.

Peter Thoms: joins as finance director from Gillette

Mr Ashcroft will be responsible for maintaining relations with banks and the City and for inventory and cost control.

Mr Alan Sugar, Amstrad's chairman and founder, has been a vociferous critic of the City's treatment of the company's shares. They have fallen from 208p a year ago to 49p, and on Tuesday Mr Sugar threatened to take Amstrad private if the market did not value the shares more appropriately.

Mr Ashcroft said yesterday that Amstrad was already addressing inventory control problems, which led to a build-up of £325m of stock by the end of June, and was improving the analysis of individual subsidiaries' costs.

Mr John Benjamin has joined the group as manufacturing director from Mars Corporation, while Mr Malcolm Miller, currently sales and marketing director, will control world sales and marketing operations.

Below the main board, Mr Barry Young, Amstrad Sales' managing director, is to head Amstrad UK, with Mr Richard Dean as finance director.

COMPANY NEWS IN BRIEF

BP NUTRITION has agreed in principle to acquire Tradigrain, a worldwide grain trader based in Geneva, for an undisclosed sum. BP Nutrition, based in Antwerp, manages the international nutrition business of the British Petroleum Co.

BURNS-ANDERSON has acquired the business of Capital Staff Services, a general employment agency with offices in Edinburgh, Glasgow and Belfast, for £1.6m cash. The agency had a turnover of £1.52m and pre-tax profits of £309,000 for the year ended April 5 1989. Net assets acquired are valued at some £13,000.

W CANNING has disposed of its entire shareholding (5.2 per cent of the issued share capital) in Carbo for a cash consideration of £1.37m, realising a surplusn compared with book value.

CITY OF OXFORD Investment Trust net asset value per 5p income ordinary at September 30 was 60.2p (no comparison since the trust's capital was reorganised in February this year). Gross revenue totalled £940,000 (£463,000) and pre-tax profit soared to £834,000 (£367,000). After tax of £213,000 (£96,000), earnings per income share were 3.11p. A second interim dividend of 0.9375p has been declared by the directors.

CMB PACKAGING has acquired a controlling interest in Barnsley Canister, a manufacturer of tinplate decorative products, for an undisclosed amount.

EXPLAURA HOLDINGS has agreed with a US-based cement company to examine the feasibility of building a cement plant at Lower Cove, Newfoundland, Canada. This would tie in with the further development of the limestone deposit there.

HOLBRUCK FASTENERS, industrial fastener and turned parts distributor, has bought Eastbourne Auto Productions, a manufacturer of its product range.

LYNX HOLDINGS: it is expected that dealings in the ordinary shares will begin on October 26.

MERGER CLEARED: The following acquisitions are not to be referred to the Monopolies and Mergers Commission – Rhone Poulenc's purchase of RTZ's speciality chemicals business; the acquisition by British Telecommunications of the data communications business of McDonnell Douglas.

P-E INTERNATIONAL has purchased Westvries Computer Consulting, of Amsterdam, for an initial Fls3m (£898,000) with a further likely Fls2.76m. Westvries undertakes a range of systems development work, particularly for the Dutch steel industry.

SPEYHAWK has through its subsidiary, Speyhawk Mount Row, completed the sale of two London properties developed with Reinhold. The buyer of the 130,000 sq ft of office space was Skandia Insurance Company. Speyhawk said the total selling price was about £95m.

TR ENERGY: Offers by Europa Minerals have been declared unconditional.

UK COMPANY NEWS

Shareholders give poor reception to Acsis and Wace issues

Polly Peck rights success beats trend

By Clay Harris

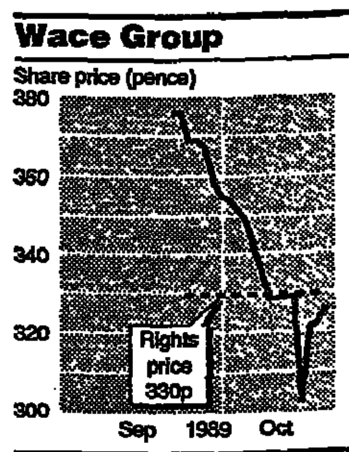
TWO MORE rights issues flopped yesterday. Only 14.5 per cent of Acsis Group's £21.2m issue and less than 20 per cent of Wace Group's £44.6m cash call were taken up by shareholders.

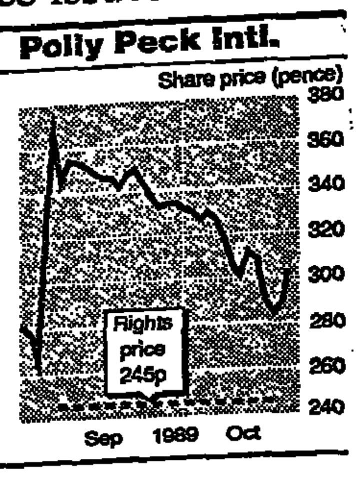
In stark contrast, Polly Peck International's much larger £283m rights was a runaway success, with nearly 97 per cent of the shares on offer being taken up.

The poor results from Acsis and Wace reflected the weak equity market since their rights issues were announced on September 7 and September 26 respectively.

However, shares in Wace, a pre-press services company, yesterday closed only 4p short of the 330p offer price while shares in Acsis, a marketing group, closed at 60p, compared with the 65p rights price.

Polly Peck benefited from the sharp rise in its share price after the $875m (£557m) purchase of Del Monte's global fresh fruit operations was announced on September 7.





Although shares in the produce distribution and electronics company have also suffered in recent weeks, the early advance gave sufficient margin to achieve the high level of applications and allow the small rump of 3.7m shares to be sold on Wednesday at a 42p premium to the 245p rights price.

Mr Ian Bruce of CCF Laurence Prust, underwriters to the Wace issue, said: "We were pleasantly surprised to find out what the take up was." More than 100 sub-underwriters will now be asked to take up 80 per cent of their commitments.

See Lex

Craton Lodge in share swap for FTC

By Ray Bashford

CRATON LODGE & Knight, the financially troubled new product development group, is acquiring FTC through a share swap which values the database publishing, direct marketing and data analysis company at £27.4m.

The takeover is an attempt by CLK to strengthen its financial base through diversification, while it continues attempts to pull out of its product development business with the Soviet Union and other Eastern bloc countries which has run into severe problems.

CLK is offering 341 shares for every 100 FTC ordinary, and 359 shares for every 100 FTC preference.

Full acceptance of the offer would result in the issue of 58.35m new CLK shares, representing a 10 fold increase in the its existing capital.

Shares in CLK were suspended at 43p yesterday before the announcement of the offer. CLK has received acceptances for 67 per cent of the ordinary and 34.4 per cent of the preference capital.

FTC, in which Renaissance Holdings, the group specialising in investment in small and medium size companies, has a majority shareholding, returned pre-tax profits of £2.7m in 1988 (£1.05m) on turnover of £29m (£11m).

CLK failed to dispose of the majority of its holding in CLK Marketing Services International, the subsidiary operating in the Soviet Union and the Eastern bloc, as proposed earlier this year. However, discussions about a sale are continuing.

The difficulties in this subsidiary helped drag CLK into a pre-tax loss of £555,000 in the six months to March 31. It expected a trading loss for the year, although at a reduced level.

Dolphin disposal

Dolphin Packaging has exchanged contracts to sell the freehold property and premises of Dolphin Packaging (Cheltenham) for £2.4m cash. The net book value of the site at December 31 1988 was £1.99m.

Rock dissidents' motion goes to vote

By John Ridding

SHAREHOLDERS in Rock, an industrial and motor trade products distributor, vote today on a motion by a group of dissident shareholders which would give them effective control of the company.

The dissidents are calling for the appointment to the board of four new directors and the removal of Mr Robert Justice, a non-executive director. If passed, this would give them a majority over Mr Oswald Dockery, Rock's chairman, and his two remaining colleagues.

The proposal has sparked a strong response from Mr Dockery, who claims that the proposed resolutions would give the dissidents control of the board without making an offer to shareholders or paying a premium for control.

He adds that Rock has already offered "reasonable representation" on the board to the dissidents and that the board does not regard two of the four nominees as suitable.

Mr Dockery has enclosed in a circular to shareholders a letter from Mr Charles Mitchell, a former director of Rock, criticising Mr Joseph Stephens, one of the four nominees and a director of WH Ireland, Stephens and Co, a Manchester-based stockbroker.

The circular also criticises Mr Paul Thompson, the former chairman of County Potteries, a company in which Rock had an investment and which had one of its main subsidiaries put into liquidation.

Mr Stephens, who has co-ordinated the campaign by the four nominees, said that the criticisms were "personal and unwarranted." The nominees, who together represent over 10 per cent of Rock's shares, are dissatisfied with the company's trading performance.

They say that no dividend has been paid for seven years and that Rock's return to profit in the six months to the end of June 1989 was only achieved by taking profit on a property disposal above the line. During this period Rock reported pretax profits of £590,000 compared with losses of £44,000.

Mr Dockery said that the board intends to declare a final dividend for 1989, including an amount of 0.75p in respect of the first half.

NEWS DIGEST

Sharp rise at London & Assoc

LONDON & Associated Investment Trust, a finance company, lifted taxable profits to £431,000 in the first six months of 1989.

The outcome compared with profits of £287,000 at the same stage last year, and was struck after increased interest charges of £181,000 (£98,000). Earnings per 10p share were up from 0.59p to 0.68p.

The interim dividend is reduced to 0.05p (0.15p) but the directors promised a "more than compensating" increase in the proposed final.

● Bisichi Mining, London & Associated's 38-per cent owned associate, also reported yesterday. Pre-tax profits rose from £72,000 to £75,000 in the six months to June 30 from gross income which rose from £178,000 to £239,000.

An extraordinary profit of £40,000 related to the surplus on the sale of a joint holding with London & Associated in Southern Sound. Earnings per share before that item were 0.53p (0.51p).

Scottish Mortgage net assets at 168.7p

Scottish Mortgage & Trust reported net asset value of 168.7p at September 30 compared with 132.8p a year earlier and 149.1p at March 30.

Net revenue for the investment trust in the six months to the end of September was £7.79m (£6.59m) with earnings per share of 2.16p (1.83p). The interim dividend is being raised to 1.1p (0.9p).

Reebok ahead at nine months

Third quarter profits of Reebok International, a 31.9 per cent-owned associate of Edinburgh-based Pentland Group, rose from $61.99m to $83.11m (£51.46m) raising the total for the nine months to end-September from $219.51m to $235.56m.

Turnover for the nine months totalled $1.44bn ($1.45bn). Net income for the period amounted to $140.05m ($130.28m), equal to earnings of $1.23 ($1.14) per common share.

Mr Paul Fireman, Reebok's chairman and chief executive officer, said he was pleased with the performance for the third quarter and nine months.

The gains in earnings provided further evidence that the sales mix and controls now in place were continuing to improve the company's overall profit performance, he said.

Brierley stakes in UK companies

Sir Ron Brierley, the Antipodean entrepreneur, has, through IEP Securities, a wholly-owned subsidiary of Industrial Equity (Pacific), beneficial ownership of 8.74m ordinary shares (12.67 per cent) in Hogg Robinson.

Similarly he holds 26.96m ordinary (13.31 per cent) in BSG International; some 37.73m ordinary (14.6 per cent) in Vickers; 4.89m ordinary (26.1 per cent) in Union Discount; and 1.65m ordinary (17.7 per cent) in Young Group.

Assets up at River & Merc Geared

Net asset value of River & Mercantile Geared Capital and Income Trust 1999 was 69.71p per income share and 33.83p per preferred capital share at September 30 – advances of 13 per cent and 20 per cent respectively on the figures reported a year earlier.

Earnings per income share in the six months to end-September worked through at 4.28p (3.41p) and the second interim dividend is raised to 1.3p.

UK COMPANY NEWS

Sale to as few parties as possible preferred

Family seeks buyer for Walter Alexander

By Nikki Tait

WALTER ALEXANDER, the family-controlled Scottish industrial group with interests ranging from coachbuilding to sleeping bags, is looking for a buyer of the businesses — either in whole or in part.

It announced yesterday that "following a strategic review, the board believes that the businesses will make more rapid progress in achieving their plans under new ownership." The news provoked an immediate jump in the share price from 115p to 146p.

The announcement comes only a year after Mr Alan Cole joined the group as chief executive, having previously been a main board director at Christian Salvesen. Yesterday, he confirmed that the decision to find one or more buyers for the group's interests reflected a desire by the Alexander family to cash in their holdings.

He said, however, that he did not know what had changed the family's attitude over the past year.

According to Robert Fleming, advising on the transaction, the family own about 60 per cent of the shares. The holdings are fairly diverse, but there are apparently two fairly substantial blocks belonging to the immediate families of the group's chairman and deputy chairman.

Mr Cole said the preference was to sell the company's interests to as few parties as possible — and, subject to price, if one buyer wanted to take on all five divisions that would be the best solution.

In the announcement, the company said that it had "from time to time received informal approaches" and was now having discussions with various suitable industrial partners.

Yesterday, Flemings said that "a few approaches" had been made for the group as an entity, but more had come for individual divisions. The advisers added that the possibility of demerging the group to facilitate bids for the separate divisions had not been ruled out, nor had possible management buyout interest.

There are five main divisions within Alexander: filtration, home textiles, coachbuilding, DIY distribution, and liquid fuel distribution. If the company was sold in parts, Flemings suggested that the filtration side would probably form the most significant sale.

This was the largest profits contributor in the year to end-March, making £1.88m at the trading level — when group pre-tax profits overall declined 63 per cent to £2.39m. This performance compared with a £1.14m loss in textiles, and a £1.35m profit on the coachbuilding side. In profit terms, the other two divisions are relatively small.

Alexander moved to the main stock market in September 1987 after 11 years trading on over-the-counter.

NEWS DIGEST

A Cohen prepared for slowdown

IN SPITE of economic slowdowns and high finance costs, first half profit from A Cohen rose 11 per cent, and the third quarter has held up reasonably well.

However, directors stressed that it would be "incautious" not to be prepared for a further slowdown.

In the six months to June 30, turnover rose 37 per cent to £51.59m (£37.54m) mainly as a result of high metal prices, and pre-tax profits worked through at £2.13m (£1.92m).

Principal activities of the group are the manufacture of non-ferrous metal ingots and the reclamation and trading of recyclable materials.

Earnings rose 26 per cent to 76.6p (60.6p), benefiting from a lower tax charge in Australia and the reduced number of shares in issue. The interim dividend is lifted to 6.6p (6p).

Harding held back by distribution arm

Problems in its distribution division pushed USM-quoted Harding Group into decline in the first half of 1989, with pre-tax profits at £521,000, compared with £574,000.

Turnover from distribution rose to £10.84m (£8.21m), but maintaining the share of a declining market was at the expense of margins: the full extent only became apparent at the half yearly stocktake, explained Mr Dennis Harding, chairman. Benefits of the two acquisitions in April will not be significant this year.

The flooring division lifted sales to £3.24m (£2.46m), and raised profits by lifting its share of the diminishing house building market, and selling elsewhere.

Mr Harding added that moves were being made to reduce gearing and lift profitability, including the recent sale of the lossmaking heating spares business for £590,000. Further rationalisation and cost reductions were in hand.

Earnings were 2.37p (3.21p); the interim dividend is held at 1.1p.

Downiebrae in black with £278,000

Downiebrae Holdings, the Glasgow-based steel profile and pipe flange manufacturer, yesterday announced a sharply improved interim performance.

In the six months to June 30, the group reported taxable profits of £278,000 — compared with a deficit of £183,700 in the corresponding period of 1988.

The latter figure was struck after an exceptional debit of £380,000 relating to capital losses on trading of fixed income bonds together with legal and professional fees.

Directors attributed the increase to "improved performance" and greater interest received from the group's increased liquidity, now in excess of £4m.

Turnover totalled £790,000 (£698,000). Tax took £62,000 (nil) leaving earnings per 10p share at 1.25p (losses of 1.95p). There is again no interim dividend: the last such payment was made in 1986.

Interest charges dent profits at Elswick

Heavy interest charges needed to finance excessively high working capital following the fire a year ago at Falcon Cycles, has made a 30 per cent dent in profits at Elswick.

In the six months to July 31 1989 turnover of the group, with interests in grass-cutting machinery, packaging and bicycles, rose 26 per cent to £23.7m (£18.78m) while operating profit moved ahead 32 per cent to £1.23m (£929,000).

But interest charges at £579,000 (£8,000) meant the pre-tax profit was pulled down to £647,000 (£923,000). A split of the pre-interest surplus showed specialised print and packaging £733,000 (£530,000), equipment and services £1.06m (£1.04m), and cycles loss £568,000 (£640,000).

Mr Harold Cross, chairman, said Falcon had traded profitably since June and working capital was steadily decreasing. An interim insurance claim for loss of profits because of the fire was under negotiation.

With encouraging growth prospects in the other businesses satisfactory progress was expected in the second half, he added.

Earnings fell to 0.41p (0.62p); the interim dividend is 0.2p (0.15p).

Trace Computers on target with £1.71m

Trace Computers yesterday unveiled pre-tax profits of £1.71m for the 12 months to May 31 1989 — matching the estimate in the prospectus for the software house's placing on the main market in June.

The outcome, which showed a rise of 67 per cent on the previous year's £1.02m, was achieved on turnover of £9.81m (£6.23m). Earnings per share worked through at 9.96p (5.94p).

SHARE STAKES

The following changes in company share stakes have been announced recently:

ADT: Laidlaw Transportation now holds 253.1m common shares (29.4 per cent). Also Mr MA Ashcroft has exercised options over 1.1m shares and has sold 260,000 US depository receipts at $33 apiece and Mr DW Bates has sold 118,188 common at 201p per share.

Addison Consultancy: Virtus has acquired a further 500,000 ordinary, lifting its holding to 17.5m (26.04 per cent).

Aitken Hume International: Fiduciary Management Services has bought 300,000 ordinary bringing its holding to 4.84m (9.86 per cent).

Albion: Mr JM Sharman, a director, has disposed of 89,000 ordinary, reducing his holding to 100,500 (2.68 per cent).

Ash & Lacy: Wesleyan & General Assurance Society has acquired 70,000.

Bryant Group: JA Rutledge, a director, has ceased to have a non-beneficial interest holding of 9.99m ordinary and 15,000 £1 preference shares.

New team in command at Spong as directors resign

By Clay Harris

TWO DIRECTORS, including the former chairman, have resigned from Spong Holdings, the former mini-conglomerate which was rescued in May by a consortium led by Hillsdown Investment Trust.

The departures of Mr Stephen Barclay, who had already handed over the chairmanship but remained as a non-executive director, and Mr Walter Goldsmith leave the new team at Spong, led by Mr Paul Lever, in full command.

Mr Barclay, who will remain as a part-time business development director, yesterday described the changes as a "perfectly natural evolution."

Spong plans to concentrate on the manufacture of housewares and retail display units. Since the beginning of the year, it has sold Beau Brummel, a school uniform company; Castles Wisehouse, another clothing concern; and Spong Print, an Essex-based commercial printer.

Subsidiaries drag Forward down

Forward Group, a USM-quoted company serving the electronics industry, experienced a 46 per cent reduction in pre-tax profit in the half year ended July 31 1989.

The drop was attributed to two subsidiaries, Technograph Microcircuits and Silicon Microsystems, which did not perform up to expectations. They are being restructured with a move to a new manufacturing facility in Portsmouth, and Technograph's Bracknell property will be sold.

Pre-tax profit worked through at £384,000 (£717,000) from sales little changed at £4.56m (£4.5m). Earnings were 3.4p (6.3p) per share. The interim dividend is maintained at 1p.

The Bracknell property was bought for £2.2m cash at the end of August, financed by short term borrowings. It is being sold on to Rosehaugh for nearly £2.54m cash and the borrowings will be repaid.

Hunting buys rest of Canadian oil pipeline

By Jane Fuller

HUNTING'S Canadian subsidiary, Gibson Petroleum, has paid C$11.25m (£6m) to purchase the other half of the Provost Crude Oil Pipeline, which was constructed as a joint venture.

The 80-mile pipeline, comprising a 40-mile eight-inch section, three six-inch segments and five pumping stations, runs into Hunting's biggest terminal at Hardisty, Alberta.

Mr Richard Hunting, deputy chairman, said that the remaining 50 per cent of the Provost pipeline had been bought from Renaissance Energy, Gibson's joint venture partner, which wanted to release cash for exploration.

The pipeline, completed in December, is averaging a volume of 17,000 barrels per day and should reach its full capacity of 30,000 barrels per day within two years, subject to the drilling of successful development wells.

Rex Williams

Rex Williams Leisure has acquired CT Leisure (Leicester) for a nominal sum.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Eastern Produce, Jantar, Ocean Wilsons.

Finals- Caskot, Stals.

FUTURE DATES

Interims-	
Bank of Ireland	Nov. 16
Craig & Rose	Oct. 27
Ingham (George)	Oct. 24
Jacob (W&R)	Oct. 25
Reed International	Oct. 31
Sketchley	Nov. 16
TDS Circuits	Nov. 15
Usher-Walker	Oct. 25
Final-	
British Empire Secs	Nov. 10

Toothill shares rise 205p as it agrees to Swedish takeover

By Ray Bashford

RW TOOTHILL, the upholstered furniture manufacturer, has agreed to a £4.7m takeover offer from Adamas, a Swedish financial services, engineering products and furniture group.

Shares in the the County Durham-based company rose 205p to 655p following the announcement of the cash bid of 675p per share.

Adamas has acceptances from shareholders, including two directors, for 51.1 per cent of the capital. Although the offer is for all the remaining shares, the Swedish group intends to retain Toothill's market listing.

Mr Alan Walker, who heads the international operations of Adamas, said the acquisition will provide the company with its first international base for expansion of furniture manufacturing operations.

Adamas plans to continue the manufacture of Toothill's range and also increase facilities at the 8-acre site to allow for production of its own range of furniture for retail and commercial customers.

The Adamas group, consisting of two principal subsidiaries, was formed in 1986 and is expected to report pre-tax profits of £10m for the year to August 31, compared with £6.9m last year, on turnover of £200m (£110m).

Toothill has encountered difficult trading conditions during the past two financial years as the result of changes in the Government's safety regulations for upholstery foams and tighter conditions in the furniture retailing sector.

In the year to March 31, pre-tax profits fell to £73,000 (£253,000) with invoiced sales of £4.85m (£4.95m).

Accounting change holds Regentcrest to £1.54m

A CHANGE in its accounting policy concerning interest on development loans depressed the result at Regentcrest in the year to April 30. The property investor, developer and dealer reported pre-tax profits of £1.54m, which would have been £4.04m under the previous practice, writes Katrina Lowe.

The result compares with £3.07m, including an exceptional profit on sale of shares of £2.86m.

The board also warned that profits for the first half of the current year were likely to be disappointing, because of the economic climate.

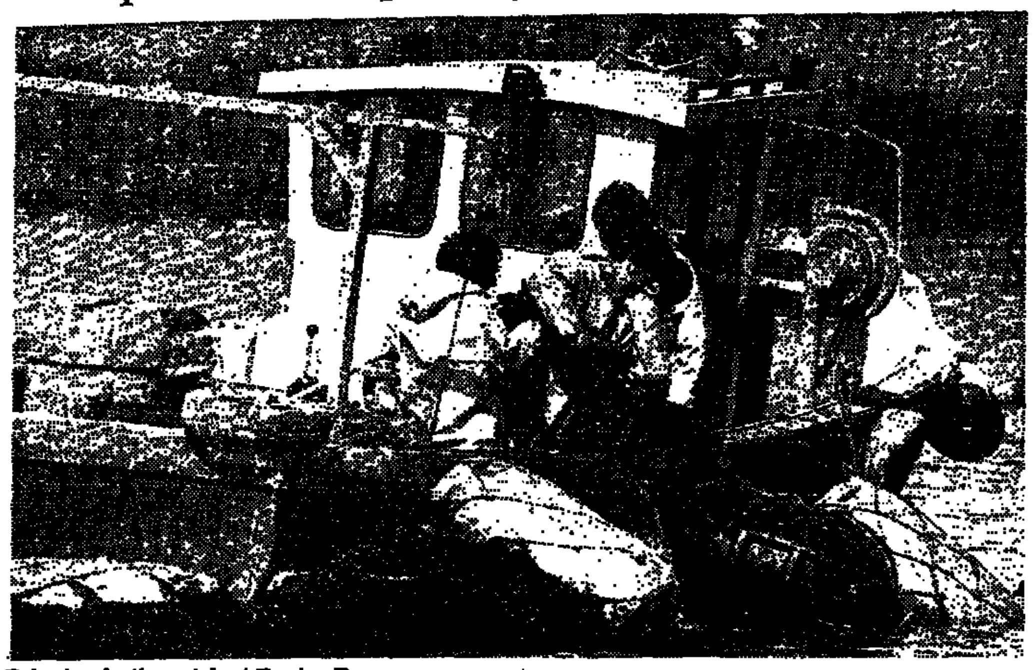
In the results under review, in line with new accounting procedure, some £2.97m interest on development loans, where development had not yet begun, were written off as incurred. Previously it would have been capitalised.

The directors yesterday also announced that they had won planning permission for more than 70,000 sq ft of lettable office and retail accommodation. The development is being undertaken as a joint venture with Finlan Group, with a completed value of £50m.

The board plans to seek shareholders' approval to acquire its own shares.

A final dividend of 0.5p has been recommended for the year, against 1.5p previously. Earnings per 10p share came to 2.07p (4.88p).

Kieran Cooke tastes fresh-frozen mussels that have proved an exporting success



Bringing in the catch at Bantry Bay

An Irish recipe for French cuisine

The idea of selling Irish *moules marinière* to France might seem far fetched. But not to a group of shell fish farmers in Bantry Bay, West Cork, Ireland. "When we first suggested the idea we could hear the French guffawing from here," says Desmond Boylan, Marketing Director of Bantry Bay Mussel Products. "Now we are exporting more than 30 tonnes of *moules marinière* to France per month."

Bantry's exporting success depends mainly on a breakthrough which, for the Irish industry at least, has revolutionised the way mussels can be packaged and transported. One of the cardinal rules of eating mussels is that they can only be consumed when fresh or pre-cooked. They cannot be frozen.

But in Bantry mussel producers have invented the fresh frozen mussel, which can be kept in its packeted condition for up to eight months. Like all truly great ideas, the process is a simple one. First, the mussels are bred. After harvesting, they are put in a purification tank with circulating ultraviolet water, for 24 hours. Afterwards they are graded for size and cleaned, and the byssus (the beard by which the mussels cling to rocks, ropes or each other) removed. The mussels are vacuum packed (while still alive), which seals them shut, and then frozen.

The vacuum packing is the heart of the new process. "It's basically the same principle as freezing peas or fish in as fresh a state as possible," says Boylan. "That way the flavour is retained. With our new method it not only means that you can freeze the mussel and keep it for an extended period, it also seals the juices which give the mussel so much of its flavour inside the shell. All the cook has to do is to open the vacuum packing and empty the mussels into a saucepan and steam or boil them."

The Bantry mussel producers argue that their fresh frozen product is more flavoursome than the fresh article – which, by the time it reaches the consumer, has probably been out of the sea for at least 48 hours. The company adds the ingredients for *moules marinière* – white wine, butter, parsley and onions – into its vacuum packed mussel sachets.

The French seem to approve. Davigel, the French food company, is marketing the Irish mussels in France. The company was recently awarded Le Torque d'Or, the gold medal for innovation and excellence, at the International Food Fair in Paris. The Irish *moules marinière* will soon be available through a British supermarket chain. They are also exported to the US.

The fresh frozen process is being patented in 23 countries. The company expects to export 1,600 tonnes of mussels, worth I£2.25m (£2m), this year. There are hopes that the new freezing process will lead to growth in the Irish mussel industry. More than 600,000 tonnes of mussels are grown in Europe each year. On average there are 70,000 mussels to each tonne of rope grown mussels (where the mussels are grown on long lines suspended from buoys) and 40,000 per tonne of the heavier ground grown variety (found on the sea bed). The market is growing rapidly. "People are beginning to realise just how nutritious mussels are," says Boylan.

Dutch farmers produce large amounts of ground mussels. While big factory ships are able to scoop up these mussels and process them, the product takes a long time to grow and often has sediment in its shell. Spain is Europe's biggest producer of rope grown mussels. In the early 1950s only 300 tonnes of mussels were grown off the coast of northern Spain. Now the Spanish harvest 270,000 tonnes of rope mussels each year.

The Irish are hoping for similar growth. The industry involves heavy work, often in harsh weather conditions. Michael Carroll is one of 60 mussel farmers in Bantry Bay. "You have to check your lines all the time. Make sure the buoys are not sinking. Sometimes the wind can cause your lines and the mussels on them to sink to the bottom."

There are more than 12 separate operations in culturing and harvesting mussels. Mussel spat, about the size of a match head, are gathered from the rocks. In the nine months to harvesting, these will increase in size about 30 times. The spat are loaded, by the thousand, into long net stockings which are suspended downwards into the water.

After about three months the mussels, now increased in size, are brought to the surface and "tinned" – reloaded on to a series of fresh lines, with spaces left at intervals to allow room for growth. After six more months the lines, heavy with full-grown mussels, are hauled to the surface. The mussels are then cleaned and bagged, and taken to the factory for further processing. "A constant exchange of clean water is essential," says Carroll. "Pollution, infestations of whelks and starfish and the wind are our main enemies."

Bantry's mussel breeders are hoping to defeat the wind by anchoring lines to the sea bed. Occasional infestations of other sea life is something the mussel farmers have learned to live with. But pollution is another matter.

Hints by the Government of reopening the Whiddy oil terminal in the bay, where an explosion 10 years ago killed 50 people and caused widespread pollution, has created anger in Bantry. "We have a great opportunity to be the leading rope mussel producers in Europe," says Carroll. "We have perfect breeding conditions. We have developed the technology. As long as pollution doesn't ruin it all."

The precision design that broke the mould

John Griffiths describes Rover's new five-axis machining tools

Rover Group will launch a car within the next two years which is partially made from a single steel pressing. The sides of the car, from rear to front bumpers, will accord exactly to data entered by the car's design team at Canley, 50 miles north of Rover's pressings plant in Swindon.

It will be dimensionally exact, says Howard Wyman, director of tooling operations and overall manager of the plant. The huge dies that stamp the the car bodies will be made by computer-numerically controlled (CNC) cutting and drilling machines working from the same database, without human intervention or modification.

More importantly, according to Wyman, the complicated machining processes – which sculpt the billets of steel into the male and female parts of the press tool – will be carried out by CNC machines working along five axes. They will be matched with computer software developed by Rover Group and Prime, the software and computer services group formerly known as Computervision.

The time-honoured, and time-consuming, method of creating the dies using cutting and drilling machines working along only three axes – requiring a great deal of detailed surface finishing, measuring and checking – is rendered obsolete by the new processes.

The machines are close to being fully operational at Swindon, as part of a £17m investment programme involving new equipment in the toolmaking complex of the pressings plant. The plant has 3,000 employees – 1,000 in the toolmaking complex – and makes pressings for Honda, Jaguar and Renault as well as Rover. The tool complex investment forms part of a £50m overall investment programme at the Swindon pressings plant.

"We think we're the first in the world with such processes at this level of complexity," says Wyman. Engineering teams from Rover's Japanese partner, Honda, which are frequent visitors to the facility, have found no reason to disagree. Honda of the UK will use Swindon-supplied bodies based on the new processes once its own 360-acre car assembly plant is fully on stream. Honda says it is impressed by the higher quality standards which the new processes offer.

A central element to quality is the ability of the five-axis cutting tools to be manipulated through any plane while following even complex double curvature paths. They can be used, for example, to cut out the shape from which a car roof will be stamped.

Instead of being restricted to the three-axis machine's 8m-10m width, which requires hundreds of passes to cut the die and much subsequent grinding and smoothing of ridges, the Rover/Prime system uses a contour-following cutting edge up to 10 times wider. Fewer passes and less finishing work are also required.

Two initial problems with the five-axis equipment have been worked out:

- "Clash-detection" has been built into the software. This prevents a die being designed which could interfere with the cutting equipment during machining;
- Microchips which state both identity and wear-life have been built into individual tools. This guards against the risk of CNC machinery selecting the wrong tool or using it for too long.

The new processes, says Wyman, represent the culmination of a computerisation programme at Rover lasting nearly seven years. Every aspect of the development and production of a car, from initial on-screen "sketches" to the design and production of tooling, is driven by one "master" database.

Five-axis tool-making equipment is not an entirely new invention. What Rover and Prime are pioneering, says Wyman, is its application to such complex shapes as a whole vehicle side. The controlling software, says Wyman, "is many times more complicated than that associated with three-axis machining." While Wyman acknowledges that, in terms of final production tooling, "we haven't quite got all the bugs out yet," the software has been developed to the point where Prime is starting to market it to other manufacturers.

Wyman stresses that the tool's value to Rover is primarily in achieving higher standards of body quality. Time savings of at least one-third in the tooling production process have also been identified: "It means that we are moving away from producing tooling needing significant try-out periods and other forms of experimentation. It means that we can completely reorganise our thinking on the way we produce tools. We can plan them so as to go through and do more quality development.

"We can leave final tooling until a later stage, after any updating or modifications have been put into the car that the designers might want; and we can make much more easily and quickly soft tools of complex shapes to prove the computer model. The design modifications can go into the soft tooling and the theoretical software."

Implicit in the process, he admits, is the "de-skilling of the tool room." The occupants there have regarded themselves as élite among car industry work forces. Even a few years ago this would have been a recipe for confrontation. Now, retraining is taking them out of tool-making into overseeing and programming of the tool-making machines. "I believe that we must now have about 50 per cent of the world's current population of five-axis programmers," says Wyman.

Escape from outside interference

AN ENCLOSURE that can be sealed against leaks of radio waves is attracting attention as an inexpensive way of preventing electrical interference between machines.

The enclosure has been assembled on the rooftop of an 18-storey building in Basingstoke, Hampshire. It prevents a radio transmitter from interfering with neighbouring electronic systems.

Radio-frequency interference between equipment has long been recognised as a military problem when packing high-powered systems into the confines of a fuselage or a tank.

The enclosure's designers claim that it can achieve the thousand-fold attenuation of radio noise demanded by military specifications at a fraction of the cost.

The question of electro-magnetic compatibility is being raised in the civil sector, with such worrying stories as radio signals locking cars brakes and radiation from an electrified railway penetrating computer operations.

Spacetrekker Systems has developed a patented method of assembling a rugged enclosure which seal the radiation either inside or out. It was invented as a way of assembling a lightweight enclosure strong enough to serve as a room, a caravan body or a commercial van. The way it is put up gives an intrinsic seal.

The inventor, Peter Bobath, patented it as "a device for joining panels." A mechanical joint fixes panels at right-angles in a converging grip. This tends to tighten rather than loosen under vibration. Cast metal corners, bolted in place on the inside, complete the enclosure.

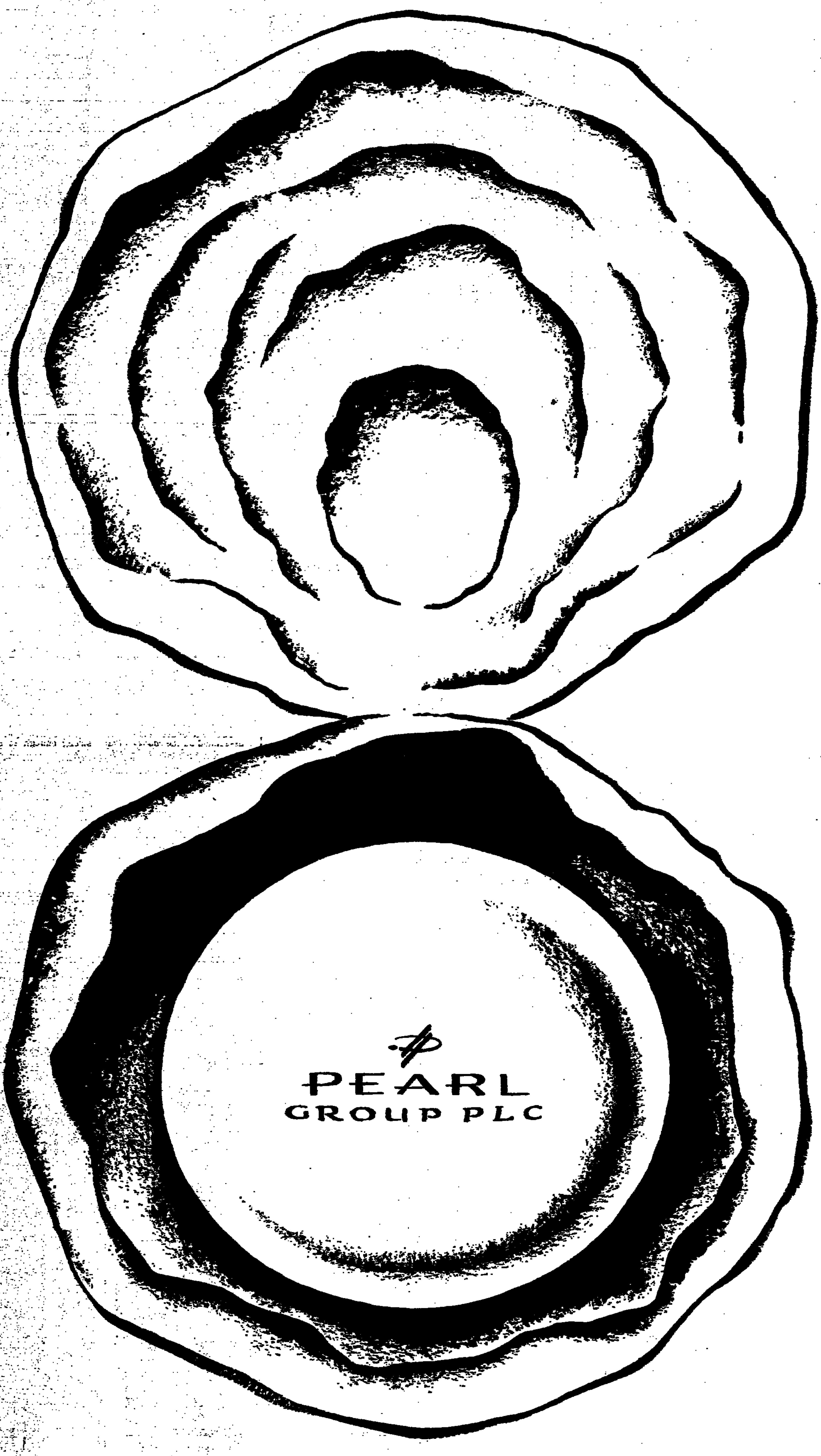
Bobath tells how the company tested the enclosure on the track used to evaluate military vehicle suspensions at Chobham, Surrey. The enclosure survived without warping but the chassis supporting it cracked. John Carpenter, the engineering director, has explored various combinations of plastic, laminated and composite panel, joined by polymer or metal extrusions.

Some combinations have been tested by Fulmer Research Institute to find the point of failure. If the panels are too rigid they tend to flip out of the mechanical joints. "It's a technical product and you've got to have technical answers," Bobath says.

One UK manufacturer plans to use Spacetrekker to enclose a nuclear production tool for microchip manufacture. For electro-magnetic and radio-frequency isolation, the enclosure consists of aluminium framework and panels joined with metal-mesh seals. This forms a continuous electrically conductive surface at a fraction of the cost of customary screening techniques.

Bobath believes the enclosure will open a new market in assembling the kind of inexpensive test rooms which industry will need to examine its electrical products for their capacity to generate unwanted emissions, and to study their vulnerability to "electrical pollution."

David Fishlock


PEARL
GROUP PLC

Learning the lessons of the past

By Michael Brett

IT ISN'T like 1973...is it? "Some people have drawn comparisons between recent trends and the early 1970s," the Governor of the Bank of England noted in his recent speech to a conference of the Royal Institution of Chartered Surveyors in Paris. He was speaking of bank lending to the property industry, up to £30bn on the latest estimates. But such a comparison was not appropriate because "the distribution of lending today is very different."

Quite so. The one undeniable similarity between the early 1970s and today is that on both occasions the Governor of the day sounded public warnings on property lending and the banking system roundly ignored them. In the 1970s cycle, the warning was sounded in 1972. Bank lending to property companies grew by 131 per cent in 1972 and by 101 per cent in 1973 to £2.3bn. In 1974 the commercial property market collapsed.

This time round the Governor sounded a warning in 1987 and a second public warning last week. Outstanding loans to property companies grew by 43 per cent in 1987, by 60 per cent in 1988, and have risen by a further 39 per cent in the first half of this year.

The Bank of England does not currently "see property lending as a major supervisory anxiety." The lending is spread across a wide range of banks, interest rate risks are frequently hedged and some of the loan risks are laid off in the insurance market. But the Governor is not underwriting the commercial property market. Indeed, "Exposures to the more highly geared companies might well be singled out for special attention, as might the viability of the underlying projects in limited recourse financings." His message is that the banking system would not be at risk in a property market collapse in the way it was in 1974-75.

This could have drawbacks as well as advantages. Many a major property company is alive today purely because the authorities stepped in to support the property system in 1974-76 with a view to preventing a banking collapse.

The Governor is not alone in stressing the differences between the early 1970s and today. It is a recurring theme of property research. The property boom is cooling, property yields may rise a little, some second-hand City of London office space may have problems in attracting new tenants. But we are not in line for another 1970s-style collapse. The background is too different.

What was the background to the 1974-76 property collapse, apart from a massive rise in bank lending to the property sector?

First, an overheated economy. The Heath/Barber spurt for growth in the early 1970s pumped money into the economy to stimulate productive investment. Much of it found its way into the property sector instead. In addition, by 1972 inflation was rising to the then disastrous rate of 9 per cent and in November the Government introduced a freeze on prices, dividends and the rents of commercial properties in an attempt to cork the bottle.

The major property companies, mostly highly geared, were embarked on massive development programmes, prompted by the ready availability of finance and the assumption tenants would always be forthcoming. But in the office market, particularly the City of London, new programmes were constrained by the office development permit system and values of existing buildings soared. The finance was effectively off-balance sheet in the form of leasebacks or, where it appeared as debt, the interest charges were capitalised in a way that disguised the real cash flow position, which was often negative. Reversionary properties yielding 2 per cent were bought with bank debt that soon cost 15 per cent and the interest shortfall was frequently capitalised. All went well as long as property values rose and further loans could be raised against them to cover the interest payments.

The mix contained three other important ingredients:

● The freeze on commercial rents exempted new space coming on the market. In the case of City offices the amount was small and marginal demand soon bid up rents for this uncontrolled space from £12 per square foot to £20. Valuers took these marginal rents as representative of the market as a whole and valued most office buildings accordingly: a massive overvaluation, as later emerged. Inflated valuations formed the basis for much property lending.

● With rents frozen there were doubts as to whether reversionary values could be assessed in any case. Confidence in property values was eventually undermined.

● The Conservative Government planned to introduce a "first letting tax": effectively a capital levy on new buildings which would have forced many developers to sell rather than retain for investment.

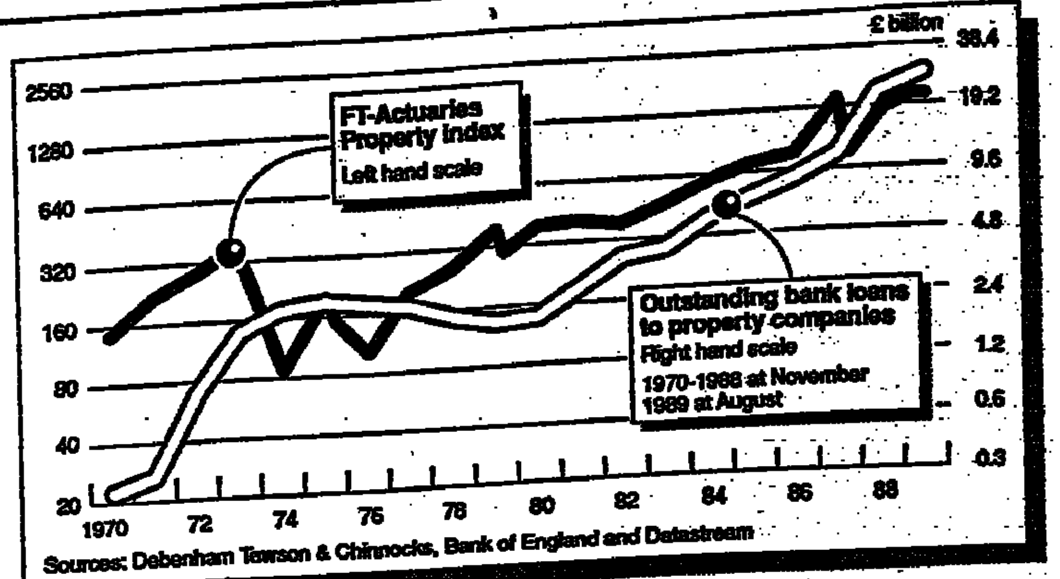
By late 1973 inflation had been further stoked by a quadrupling of oil prices and the brakes were slammed on. In November the minimum lending rate was raised to the then crisis level of 13 per cent. A couple of weeks later the suspension of the shares of a small secondary lending institution, London and County Securities, marked the beginning of the secondary banking collapse. These "secondary banks" (which have no exact equivalent today) had lent extensively on the security of overvalued property. A downturn in property values saw most of them go bust.

In the new climate property was no longer acceptable security for further loans. Property companies had to reduce debt with property sales, but there were few takers, with more property coming on the market from the winding up of the secondary banks. Over the 1974-75 period, yields on prime offices rose from 5 per cent to 7.5 per cent and on shops from under 4 per cent to 7.5 per cent, in as far as they could be judged in a market with few transactions. Ultimately, the authorities twisted the arms of the insurance companies and pension funds, forcing them to take the property on board. As later emerged, their unwilling purchases at fire-sale prices proved the bargain of a lifetime. The new Labour Government abandoned the first letting tax and in 1975 reluctantly ended the rent freeze. Property values had to be shored up if the problems of the secondary banks were not to spill over to the merchant and clearing banks. From about 1977 the property market began very gradually to recover.

Property in 1989 is free of rent freezes and punitive property taxes which distort the market (though the new business rating system next year will add considerably to occupiers' costs in the South East at least). The problem in the City of London is too much development, not too little. New versions of off-balance sheet and deficit financing techniques are common, but they are concentrated mainly in the merchant developers and dealers. The traditional property investment companies are generally lowly geared and could survive a considerable fall in asset values. Property lenders would not be so well placed but, as the Governor noted, the risks are more evenly spread.

However, as in 1973, we have just experienced a period of rapid growth in property values, bank lending to property is at a peak, interest rates have risen very sharply (they are real interest rates this time whereas inflation-adjusted rates were negative in 1974 and 1975) and the authorities are attempting to damp down the economy. And now, as then, we have considerable instability in the securities markets.

It is not a re-run of 1973. But neither is it a background which gives much comfort to the banking and property industries.



Sources: Debenham Tewson & Chinnocks, Bank of England and Datastream

Rental Growth (%)

	Retail	Office	Industrial	All Properties
Year to August 89	15.0	20.7	23.9	18.9
Quarter to August 89	3.5	4.4	6.9	4.4
Month of August 89	0.6	0.8	1.5	0.8

Source: Investment Property Databank

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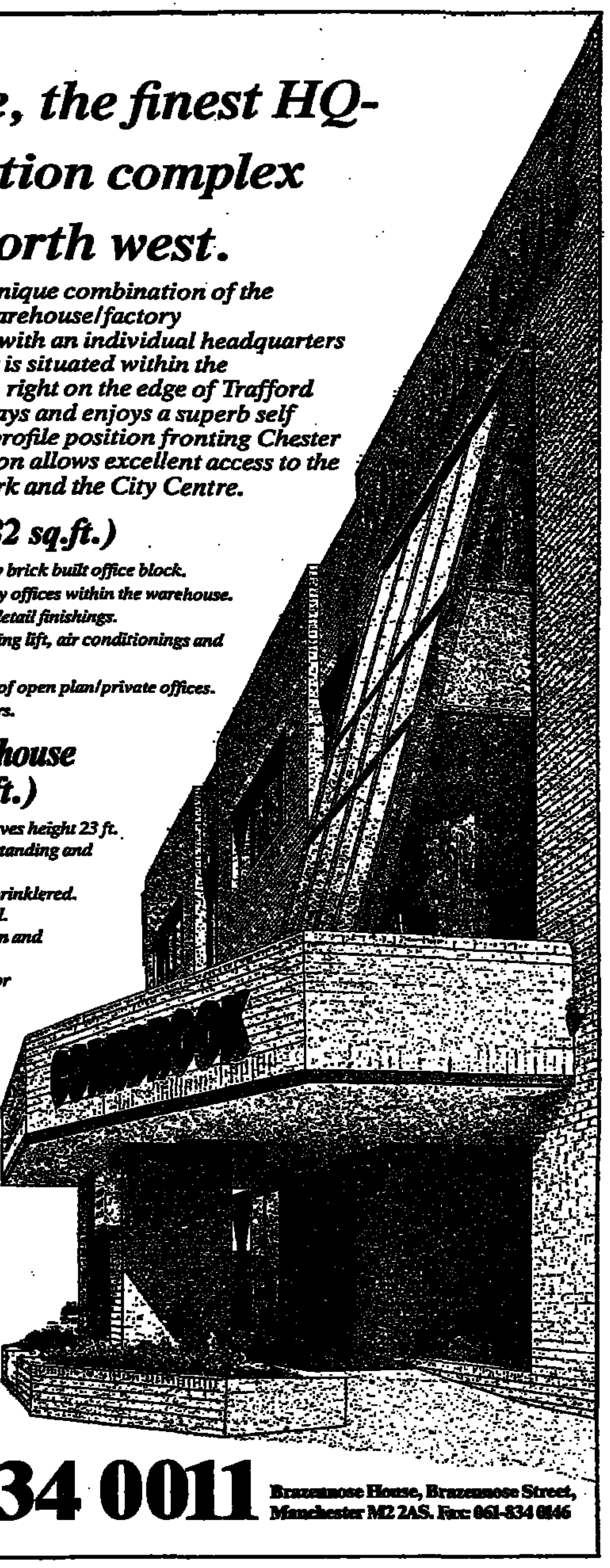

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LEGAL NOTICES

No 005867 of 1989

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF BOSTROM PLC

AND

IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 27th day of September 1989 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Harman at the *Royal Courts of Justice, Strand, London,* WC2A 2LL on Monday the 30th day of October 1989.

ANY Creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account of the Company should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on the payment of the regulated charge for the same.

Dated this 17th day of October 1989.

Messrs. Sebastian Coleman & Co., of St. Bartholomew House, 92, Fleet Street, London EC4Y 1DH, agents for Messrs. Wragge & Co., of Bank House, 8 Cherry Street, Birmingham B2 5JY.

Solicitors for the said Company

(Ref : 10137/19/JCP/GDH/PKS)

SPENCER KING
(CIVIL ENGINEERING) LIMITED

Registered number: 1029982
Date of appointment of joint administrative receivers: 4 October 1989.
Name of person appointing the joint administrative receivers: Midland Bank Plc
CHRISTOPHER JOHN HUGHES and ROBIN MICHAEL ADDY
Joint Administrative Receivers
(Office holder nos 141 and 02) of Cork Gully
Shelly House
3 Noble Street
London EC2V 7DQ

FIRST MORTGAGE SECURITIES LIMITED

Company No 2081486

NOTICE is hereby given in accordance with Section 175 of the Companies Act 1985 that at an Extraordinary General Meeting of the above Company held on 18th October 1989, a special resolution was passed authorising a payment out of capital of the Company in respect of the purchase by the Company of its own shares. The amount of the permissible capital payment was £5,500,000.

The Statutory Declaration and Auditors' Report required by Section 175 of the Companies Act 1985 are available for inspection at 1 Lancaster Place, London WC2E 7EB, the registered office of the Company.

Any creditor of the Company may at any time within the five weeks immediately following the date of the aforementioned special resolution apply to the High Court under Section 176 of the Companies Act 1985 for an Order prohibiting the payment.

Dated 18th October 1989

C J R May duly authorised for and on behalf of First Mortgage Securities Secretaries Limited

Secretary.

TELEBEAN PLC
(IN ADMINISTRATIVE RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at:
CORK GULLY, SHELLEY HOUSE, 3 NOBLE STREET, LONDON EC2V 7DQ
on 1 November 1989 at 11.00 am for the purpose of having laid before it a copy of the report prepared by the administrative receiver under section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.
A proxy form is enclosed. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting. Other creditors are only entitled to vote if:
(a) they have delivered to me at the address shown above, no later than 4.00pm on Monday, 30 October 1989, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with me any proxy which the creditor intends to be used on his or her behalf.
Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Date 12 October 1989
R W CORK
Administrative Receiver

PERSONAL

MR RON WHITE A service of thanksgiving for the life and work of Mr Ron White, Chairman of the Performing Right Society, and the former Managing Director of EMI Music Publishing, will be held at St. Cyprian's Church, Clarence Gate, London NW1, on Thursday 9th November at 11.00 am.

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Reg. No. 02/01318/06

NOTICE IS HEREBY GIVEN that Dividend No.41 of 70 cents per share has been declared payable to shareholders registered in the books of the company at the close of business on 3 November 1989.
Warrants in payment will be posted on or about 24 November 1989.
Payment from the London office will be made in U.K. currency at the rate of exchange at wich the dividend funds are remitted to London on 8 November 1989.
Non-Resident Shareholders' Tax at the rate of 15% will be deducted where applicable. Dividends paid in London to persons resident in Great Britain or N. Ireland will be subject to deduction of U.K. Income Tax at a rate to be arrived at after allowing for relief in respect of overseas taxation.

BY ORDER OF THE BOARD
CFA INVESTMENTS LIMITED,
London Secretaries.
per: R.S. Brunt

London Office:
38 Princes Gate Mews,
LONDON SW7 2PR
20 October 1989.

Tin hits lowest level since June

By Kenneth Gooding, Mining Correspondent

TIN PRICES continued to tumble on the London Metal Exchange yesterday to the lowest level seen since the contract was re-launched by the LME on June 1.

The price of tin for delivery in three months fell to $7,700 a tonne in very early trading, before some consumer buying from Europe and the Far East edged it back up to close at $7,862.50 a tonne, down $112.50 on the overnight level. Last week the price dropped by $205 a tonne to $8,270.

Analysts last night were suggesting that the price could fall to $7,500 a tonne, a level last seen in the free market in January. In the early, euphoric, days of LME trading, the price reached $10,500.

This week's sharp fall has been marked by heavy influential merchant selling. The power they wield has frightened off other potential tin market participants, traders said.

For example, some 2,000 tonnes of tin was sold during official ring dealings on Wednesday – a large tonnage compared with the 5,000 tonnes in LME stocks.

The bulk of consumer hedging still appeared to be by-passing the LME and the tin contract was still trying to establish itself as viable.

"Tin prices are returning to a fundamentally sensible level after a climb earlier this year, brought about by a short-term squeeze," said Mr John Harris, analyst with Rudolf Wolff, the commodity broker.

This week's agreement by the Association of Tin Producing Countries to continue export quotas might at first sight seem bullish for the metal, he added.

However, some observers were interpreting the decision as an indication that the market was still vulnerable to oversupply.

Mr Harris, said, however: "I would be surprised if the price goes below $7,500 a tonne."

Mr Fidelis Madavo, of the Commodities Research Unit, consultancy group, also suggested that "$7,500 is a good resistance level. At that level we would see some consumer business."

He insisted that "some kind of manipulation of the market is going on," but there was no shortage of metal for short-term delivery. A great deal of tin had been received in North America recently, suggesting that Brazil was exporting more of the metal.

Looking ahead, Mr Madavo said that, although tin supply had increased by 10 per cent in the first nine months of this year, while demand was up by only 1 per cent, there was still likely to be a small supply deficit for 1989 as a whole.

"And as we get into the fourth quarter we are likely to see more consumer buying," he added.

Potato board to involve consumers in decisions

By David Blackwell

BRITAIN'S Potato Marketing Board yesterday unveiled its plans for a new policy which will include consumers in its decision making process.

The board, which was under threat of abolition for most of last year, is to have its numbers reduced from 33 to 23, as it aims for increased financial independence.

It will continue to govern UK potato production through a quota system supplemented by market intervention in times of unusual surplus.

A new Joint Consultative Committee is to be set up, under the board's existing powers, by Spring next year, in order to be ready to make a decision on the 1991 target area for potato growers.

This committee has been designed to take in representatives of "all organisations with a significant commitment to potatoes," including processors, independent and multiple retailers, packers and merchants.

Provided it wins final acceptance from the Ministry of Agriculture, the plan will be implemented from 1991. Next year's potato target area has already been set at 154,500 hectares.

Britain is the only European country with a potato marketing strategy. The plans follow the ministry's conditions announced earlier this year for reprieving the board.

A Government consultative paper on the board's future, published in last September, found only growers in favour of its retention. Potato processors and the large retailing stores, which account for an increasing proportion of the £2.5bn potato and product market, wanted a free market – an option the Government initially appeared to favour.

● The Ministry of Agriculture yesterday announced the second case of rhizomania in a week, in Norfolk, as it continued its regular annual programme of testing.

Rhizomania is a soil-borne fungus which attacks sugar beet. Strict quarantine measures have been taken.

Saudi Arabia 'will not reduce Opec share'

By Steven Butler

MR HISHAM NAZER, the Saudi Arabian oil minister, yesterday said that Saudi Arabia would insist on maintaining its share of oil output in the Organisation of Petroleum Exporting Countries in any revised production quota agreement.

A reduction from Saudi Arabia's current share of 24.6 per cent could ease acceptance of a new quota arrangement by other Opec producers.

However, Saudi production has fallen heavily from its peak a decade ago and its Opec quota share was reduced last year to help provide extra production for Iraq.

Mr Nazer was speaking after addressing a conference in London, sponsored by the International Herald Tribune and The Oil Daily.

In his address, Mr Nazer gave a strong indication that Saudi policy would continue to encourage moderation and stability in world oil prices.

"Too high a price merely sets the stage for too low a price," he said.

Opec's share of world oil production has begun to rise rapidly again in recent years, creating fears that Opec would be in position to increase prices sharply in the years ahead.

However, Mr Nazer said that the notion that Opec would soon be back in the "driving seat" was only useful for its political impact, and that the forces of supply and demand would determine prices, not Opec policy.

He also called for more co-operation between the oil producing countries and the big oil companies, and said that the two were roughly balanced as forces in the international oil industry, with producing countries controlling oil reserves and the oil companies dominating international marketing.

"They [the oil companies] know that any future access to enhanced crude supplies lies through co-operation with the producing countries. It is simply a question of enlightened self-interest where the players need each other to achieve long term development in both corporate and national terms," he said.

The producers wanted to co-operate with the oil companies to integrate further downstream. This would enhance security of markets for producers and security of supply to consumers at the same time, while assuring the oil companies of upstream linkages.

Mr Nazer also wanted to see more technology made available to the producers.

Electronic spy may help save the EC fish

Tim Dickson and Bridget Bloom on plans for monitoring fishing vessels by satellite

CONTROVERSIAL plans for an electronic "spy in the cabin" to track fishermen who abuse their European Community catch quotas have been advocated by the EC's fisheries commissioner, Mr Manuel Marin.

Attaching transponders to each fishing vessel and monitoring their progress by satellite could be an effective means of protecting the EC's rapidly diminishing fish stocks, Mr Marin claims.

Fish stocks were being depleted because member state governments were unable and unwilling to apply adequate controls, and because the present national system for licensing fishermen was proving "too easy" for those seeking access to Community waters.

Mr Marin – who describes fishermen as "the last great hunters" – has himself become the reluctant prey of an armada of angry Spanish boat owners in the last few days. Much to his dismay he has been condemned in the Spanish press, following last week's order from the European Court of Justice, which restrains Britain from imposing nationality requirements on those wishing to join a new UK fishing vessel register, but crucially allows the UK to continue insisting on tough residence and domicile qualifications for would-be applicants.

The effect is that only a handful of almost 100 boats barred by domestic UK legislation this year from fishing for UK quotas will have their livelihoods returned.

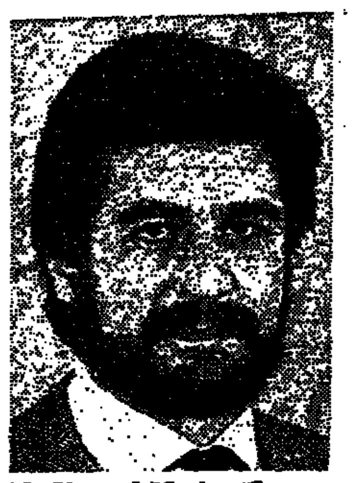
"In Madrid I am a traitor. In London I am a spy. In fact I am a melancholy man," says Mr Marin, with only a trace of self-deprecating humour.

Son of a Castile judge, a lawyer by academic training and Secretary of State for Relations with the European Communities during Spain's accession negotiations, socialist Mr Marin, who celebrates his 40th birthday tomorrow, has been his country's senior commissioner in Brussels since 1986.

A mercurial character, whose black beard seems to exaggerate his slightly haunted look, he moved from social affairs in January to his present twin portfolio (which includes Development affairs) at a time when overfishing and declining stocks were already threatening the basis of the EC's Common Fisheries Policy.

He has arrived at a vital time. Under his direction the Commission will be obliged to produce a 10-year review of the Common Fisheries Policy in 1992 – a prospect made all the more daunting by the fact that the national quotas on which the regime is based are in some respects fundamentally at odds with the principles of the single market. "We have to reconcile the principles of the internal market programme with the specifics of the fishing policy," he says.

The Commission's legal attack on the nationality provisions of Britain's 1988 Merchant Shipping Act, which led to last week's European Court order – followed this week by the start of proceedings against other member states with equally restrictive and protectionist flag laws – is the most topical challenge for the young commissioner.



Mr Manuel Marin: "I am a melancholy man."

The complaint of some of his fellow countrymen – and the cause of his present melancholy – is that Brussels has not proceeded against what the Spanish boat owners see as equally offensive residency conditions in the British legislation.

The charge clearly wounds Mr Marin, who says that the Commission has already shown its willingness to tackle the issue in its recent proposal for a new Community framework for access to fishing quotas (published in the August 31 edition of the Official Journal of the European Communities). In particular, he cites the section which covers proposed rules for shore-based representation of undertakings and which states that "whether a fishing vessel is operated by a company or an individual, the responsibility of the operator must be traceable through some real and continuous representation at the main base of operations concerned."

Such representation, it adds, must take the form of an onshore administrative unit of the undertaking, "commensurate with the size of the latter." This may be measured in terms of its cost in relation to the turnover of the vessel concerned, a figure of 10 per cent of turnover being what the Commission has in mind.

Mr Marin stated categorically that there will be no actions against member states challenging residency requirements (as opposed to nationality conditions). Governments can either accept his proposal – which he would prefer but which he admits is unlikely – or wait for the matter to be clarified by the European Court of Justice ruling in the so-called Agegate and Jaedrow actions. Brought by two fishing companies last year against British licencing rules for crewing and landing – and to be distinguished from last week's procedure against the 1988 Merchant Shipping Act – final judgment in these cases is eagerly awaited.

Mr Marin's main headache, however, is how to preserve the EC's diminishing stocks in the face of persistent overfishing by the EC fleet. He says that he "fully understands" the political, economic and social pressures facing member states, but points out their failure to implement effective controls.

"The problem is that they all think they are the best but the reality is that the situation is getting worse and worse each year. We have to become more restrictive and for me that is the most important question of the future," he says.

Analysing the issue is one thing, finding acceptable solutions is quite another.

With engaging honesty he admits that ministers "look at me as though I am a Martian" when he puts forward his idea for replacing the current national arrangements with a Community licensing system. (Critics point out that this would require an extra level of bureaucracy in Brussels and would be unworkable in practice).

His plan to instal a transponder in each fishing vessel also raises practical difficulties, but the principle of satellite tracking is hardly likely to get a warm political welcome on the Aberdeen quayside.

He is unperturbed; he says sceptics were equally dubious about the tacograph in lorries, that technologically the experiment is possible, and that it would be relatively simple to apply it to a few thousand boats.

"A policeman takes a licence and punishes drivers for one year. Why is it not possible to do that in the water?"

A feasibility study currently running in Portugal – and soon to be extended to five fishing vessels – may one day provide the answer.

Warming to his theme of the fisherman as a hunter – "a part of our historical memory" – he suggests that the situation is little different to that facing other species, like the deer and the elephant. "All people accept that the hunter is no longer free."

Referring to the sometimes bitter tensions below and above the surface, however, he pleads: "Member states must not be unrealistic. It is better to try to resolve the problems by consensus rather than by fighting a new fishing war."

Indian demand lifts Malaysian crude palm oil prices

By Lim Siong Hoon, in Kuala Lumpur

A WAVE of fresh demand from India has helped to drive up crude palm oil prices in Malaysia. They reached 787 ringgit ($284) a tonne on Wednesday, but yesterday closed slightly easier on indications that the higher price would deter India from further purchases.

In the two days, more than 142,000 tonnes were traded. On Wednesday alone, the futures market recorded a volume of 72,525 tonnes – surpassing the previous record of 64,025 tonnes on September 21, according to the Kuala Lumpur Commodity Exchange.

The higher sales have come amid rising production and stock levels. Figures released earlier this week by the Palm Oil Registration and Licensing Authority showed palm oil stocks in September to be at 842,000 tonnes – up 17 per cent on August. September production was also up by 1 per cent on August, to 646,000 tonnes. For the nine months to September, production reached 4.3m tonnes. At this monthly rate of more than 600,000 tonnes, Malaysia's output this year could surpass considerably the official projection of 5.4m tonnes.

At these production levels, and without India until this week, prices had dropped to a two-year low of less than 700 ringgit a tonne in July and early August. At 750,000 tonnes, last year's sales to India were 25 per cent lower than the previous year.

However, this year has been the worst, at less than 300,000 tonnes until last week – largely because of a good groundnut harvest in India and competition from Indonesia. This month, traders had been counting on the Indians to buy again in anticipation of a general election, now scheduled for late November.

With the glut of palm oil, prices had been wavering between 680 and 780 ringgit a tonne over the past few months. In response, big Malaysian growers allegedly joined forces to sell oil at no less than 720 ringgit a tonne.

Mr Lim Keng Yaik, the primary industries minister, travelled to Jakarta hoping for a deal with the Indonesians to share markets and control prices. By establishing a consortium of exporters from both countries, Malaysia hoped it could deal with its glut and challenge other edible oil producers, whom they think may be undercutting prices. Both countries together supply nearly 80 per cent of the palm oil export markets.

In the beginning, Malaysian newspapers told of "encouraging" responses from the Indonesians, but nothing more was reported of the plan when Mr Lim left Indonesia in mid-September. The Indonesians are not interested; they do not feel threatened in the export markets, where they sell about half their production – more than 2m tonnes this year.

For Malaysia, the stakes are far greater, however. The country, with a population a tenth the size of Indonesia's, consumes less than 8 per cent of its output, but produces two and a half times more than its neighbour.

Two weeks after Mr Lim's visit to Indonesia came the report on Malaysia's national price-fixing cartel. The timing of the cartel is at odds with output: Malaysia's bumper harvest this year could raise production by 200,000 tonnes more than the official estimate of 5.4m tonnes. Also, 60 per cent of the annual crop is harvested between July and December when there is more rain. This glut has been compounded by the poor Indian purchases so far this year.

China, since Tiananmen Square, on June 4, is also not buying as much as Malaysia needs to offset the Indian losses, one trader reported. It is surprising, however, that the combination of record production and lower demand have not hurt the Malaysians more. The reason, in part, is aggressive selling in the Soviet Union, Pakistan, Iran and Egypt where sales have improved. Indonesians have helped a little by buying some Malaysian refined oil for domestic consumption, while exporting its high quality oils.

The cartel faces other hurdles. Malaysia has numerous independent and private producers with nearly 300 mills, many operating at below capacity.

There is also the issue of storage; because palm oil lasts no more than two months, stocks must be moved on a first-in first-out basis.

It is the surge in demand, and relatively higher prices, over the last two days, however, which have made the cartel somewhat redundant.

WORLD COMMODITIES PRICES

LONDON MARKETS

THE PREMIUM for cash copper over three-month widened yesterday from £20.50 to £34.50 a tonne on the LME. Steady demand is expected from Japan and US consumers, traders said, while general concern persists in New York over the supply situation to the end of the year. About 15,000 tonnes of metal are expected to be taken from LME warehouses this week, but so far no figure has been put on possible inflows. The market was also awaiting the outcome of yesterday's vote by Highland Valley workers on a new labour contract. Cocoa prices remained in their current narrow range of £700 to £725 a tonne. Dealers said the market seemed to attract origin selling whenever it threatened to make a break on the upside. The Ivory Coast, Malaysia, Ghana and Cameroun have been evident in the market. On the BFE, freight futures rose sharply again.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.20-6.30w	+0.05
Brent Blend	$19.35-9.40q	-0.15
W.T.I. (1 pm est)	$20.30-0.35q	-0.25

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$203-205	-1½
Gas Oil	$186-188	-4
Heavy Fuel Oil	$103-105	-1
Naphtha	$154-155	+1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$368.75	+0.50
Silver (per troy oz)♣	512c	
Platinum (per troy oz)	$487.5	-0.4
Palladium (per troy oz)	$139.25	+1.00
Aluminium (free market)	$1900	-15
Copper (US Producer)	135¾-140c	-2
Lead (US Producer)	40.5c	
Nickel (free market)	475c	-5
Tin (Kuala Lumpur market)	20.52r	-1.06
Tin (New York)	365.5c	-2.0
Zinc (US Prime Western)	80¼c	
Cattle (live weight)†	113.90p	-0.78*
Sheep (dead weight)†	153.13p	-10.5*
Pigs (live weight)†	104.48p	-1.75*
London daily sugar (raw)	$356.0v	-0.2
London daily sugar (white)	$395.5v	-0.5
Tate and Lyle export price	£338.0	-1.5
Barley (English feed)	£112.5	+2.5
Maize (US No. 3 yellow)	£124.5	
Wheat (US Dark Northern)	£122.75	-1.00
Rubber (spot)♥	55.75p	-0.75
Rubber (Nov)♥	58.50p	-0.25
Rubber (Dec)♥	59.25p	-0.25
Rubber (KL RSS No 1 Nov)	228.5m	
Coconut oil (Philippines)§	$490y	+5
Palm Oil (Malaysian)§	$325q	
Copra (Philippines)§	$310q	
Soyabeans (US)	£163q	
Cotton "A" index	81.85c	+0.35
Wooltops (64s Super)	568p	-7

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Jan/Mar. v-Nov/Dec. w-Dec. q-Nov. z-Jan/Feb†Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High	Low
Dec	734	740	742	729
Mar	716	722	722	711
May	727	732	733	723
Jul	741	746	746	738
Sep	754	763	762	753
Dec	780	786	788	778
Mar	804	809	810	803

Turnover: 4848 (4048) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 18 844.42 (841.14) ;10 day average for Oct 19 841.96 (842.17)

COFFEE – London FOX £/tonne

	Close	Previous	High	Low
Nov	706	705	710	700
Jan	668	676	678	666
Mar	680	688	683	676
May	695	705	697	688
Jul	716	717	715	705
Sep	731	740	735	725
Nov	755	759	751	747

Turnover: 2572 (2217) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 18: Comp. daily 60.86 (60.53). 15 day average 61.97 (62.50)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High	Low
Dec	319.40	321.80	319.00	
Mar	315.60	317.00	317.40	315.00
May	310.80	311.80	311.20	310.60
Aug	304.80	306.00	305.40	303.00
Oct	294.20	295.00	296.00	295.00
Dec	291.00	292.00	288.00	
White	**Close**	**Previous**	**High**	**Low**
Dec	388.00	387.50	390.00	387.50
Mar	390.00	389.00	390.30	388.00
May	393.50	389.00	393.00	389.00
Aug	405.00	400.00	405.00	402.80
Oct	376.60	376.00	377.50	376.50
Dec	370.60	370.00		
Mar	372.50	370.20		

Turnover: Raw 1425 (1639)lots of 50 tonnes. White 1656 (1308)
Paris- White (FFr per tonne): Dec 2445, Mar 2465, May 2490, Aug 2585, Oct 2460, Dec 2355.

CRUDE OIL – IPE $/barrel

	Close	Previous	High	Low
Dec	18.61	18.97	18.93	18.65
Jan	18.45	18.56	18.45	18.30
Feb	18.10	18.33	18.15	18.07
Mar	18.00	18.35	18.00	17.95
Apr	17.95	-	17.95	
IPE Index	19.04	18.96		

Turnover: 8941 (5666)

GAS OIL – IPE $/tonne

	Close	Previous	High	Low
Nov	183.50	186.25	184.25	181.50
Dec	179.50	182.75	181.25	177.75
Jan	176.50	179.25	177.25	174.25
Feb	172.50	175.00	172.25	170.00
Mar	165.75	170.50	167.25	165.75
Apr	162.50	167.50	164.50	162.50
May	162.00	164.00		
Jun	159.50	162.00	160.00	158.00
Jul	159.50	-	157.75	

Turnover 11367 (16078)lots of 100 tonnes

FRUIT AND VEGETABLES
Bananas are good value 38-58p a lb (40-60p) as are Outspan oranges 5-25p each, reports FFVIB. Lemons 10-20p, Kiwifruit 18-25p. Cox's apples 28-45p a lb (25-50p) and Bramleys 20-30p (20-40p). Broccoli is 40-65p a lb, carrots 15-25p and parsnips 28-40p. English 15-25p (20-30p) and Dutch 14-20p (17-30p) onions are good value. Potatoes are plentiful- Pentland Squire 10-16p, King Edward and Desiree 12-18p. Watercress 30-40p a bunch, spring onions 12-18p, celery 25-60p a head and cucumber 30-60p each remain good value. Tomatoes 35-60p a lb and lettuce, round 20-35p each, iceberg 40-75p, remain steady.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 18,975 tonne
Cash	1875-85	1880-90	1922/1905	1900-5		
3 months	1800-5	1800-5	1825/1795	1820-2	1790-5	34,826 lots
Copper, Grade A (£ per tonne)						Ring turnover 57,725 tonne
Cash	1833-5	1815-7	1815/1813	1815-6		
3 months	1799-800	1795-6	1805/1777	1786-7	1797-8	71,195 lots
Lead (£ per tonne)						Ring turnover 9,500 tonne
Cash	485-7	487-9		494/483	493-4	
3 months	470-1	472.5-3	471/466	468-8.5	470.5-1.5	13,047 lots
Nickel ($ per tonne)						Ring turnover 3,012 tonne
Cash	10350-75	10375-425	10350/10325	10310-25		
3 months	10050-100	10125-50	10100/10050	10100-25	10075-100	6,252 lots
Tin ($ per tonne)						Ring turnover 1,230 tonne
Cash	7900-25	7950-8000		7910-30		
3 months	7850-75	7960-80	7920/7800	7900-10	7800-25	5,936 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 10,875 tonne
Cash	1660-80	1661-8	1680/1658	1668-80		
3 months	1640-5	1665-80	1660/1635	1658-60	1645-50	12,628 lots
Zinc ($ per tonne)						Ring turnover 2,400 tonne
Cash	1595-605	1605-15		1605-6		
3 months	1580-90	1590-600		1590-5	1580-90	3,307 lots

LME Closing £/$ rate: SPOT: 1.5660 3 months: 1.5715 6 months: 1.5500 9 months: 1.5307

POTATOES – BFE £/tonne

	Close	Previous	High	Low
Nov	123.0	128.0	125.0	121.0
Feb	160.0	161.0		
Apr	198.4	202.7	202.5	198.0
May	229.5	231.0	227.5	

Turnover 418 (298) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Feb	145.50	144.50	
Apr	143.50	142.20	

Turnover 0 (25) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High	Low
Oct	1566	1558	1560	1560
Nov	1659	1623	1658	1618
Jan	1659	1634	1660	1631
Apr	1674	1660	1675	1651
Jul	1430	1412	1415	1410
Oct	1530	1530	1530	
BFI	1554	1545		

Turnover 1169 (241)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High	Low
Nov	107.20	108.15	107.65	107.20
Jan	111.60	112.35	112.05	111.60
Mar	115.20	115.80	115.60	115.10
May	118.70	118.80	118.70	118.25
Jun	119.80	120.40	119.80	119.75
Barley				
Nov	107.10	106.80	107.15	106.45
Jan	110.15	110.40	110.20	110.00
Mar	113.00	113.50	113.15	
May	114.50	115.00	114.80	114.60

Turnover: Wheat 531 (120), Barley 225 (240).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High	Low
Oct	133.5	133.5		
Nov	135.0	134.0	132.0	
Feb	121.5	122.0	121.0	120.0
Apr	122.0	122.0	121.0	120.0
Jun	118.0	118.0		
Aug	115.5	116.5		

Turnover 43 (8) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	368½-369	235½-236
Opening	367¾-368	231-231½
Morning fix	368.50	235.097
Afternoon fix	368.60	235.404
Day's high	369¼-369¾	
Day's low	366-366½	
Coins	**$ price**	**£ equivalent**
Maple leaf	378-383	237-240
Britannia	378-383	237-240
US Eagle	378-383	237-240
Angel	377½-382½	236½-238¾
Krugerrand	368-371	230-232
New Sov.	86½-87½	54-54¾
Old Sov.	86½-87½	54-54¾
Noble Plat	493.35-501.15	308.05-312.95

Silver fix	p/fine oz	US cts equiv
Spot	319.65	512.65
3 months	331.65	524.00
6 months	343.00	534.35
12 months	365.80	556.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1750	129	110	10	43
1800	93	81	18	60
1850	59	59	[illegible]	[illegible]
Copper (Grade A)	**Calls**		**Puts**	
1750	175	182	16	66
1800	140	132	[illegible]	[illegible]
1850	90	92	95	[illegible]
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
650	52	75	34	46
700	31	51	63	72
750	18	34	[illegible]	105
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
700	65	58	33	43
750	35	33	[illegible]	[illegible]
800	[illegible]	[illegible]	[illegible]	[illegible]
Brent Crude	**Dec**	**Jan**	**Dec**	**Jan**
1800	[illegible]	[illegible]	[illegible]	[illegible]
1850	[illegible]	[illegible]	[illegible]	[illegible]
1900	[illegible]	[illegible]	[illegible]	[illegible]

US MARKETS

In the metals, gold, silver and platinum futures reflected movements of the U.S. dollar, reports Drexel Burnham Lambert. A lower CPI kept the markets from producing any strong rallies. Copper closed higher after a choppy day. Local activity made up the volume. In the softs, cocoa prices fell as a weak London market along with trade and commisision selling forced prices down. Sugar and coffee settled close to unchanged after slow days. The livestocks were mixed. The pork bellies gained slightly, while hogs and cattle fell. Some hedge selling was seen in the cattle futures as December cattle lost 22. The grains were all up sharply as good export news continues to firm the markets. Snowfall in some mid-western states was also noted. The soy complex and corn futures posed the biggest advances. Cotton was lower from stop-loss selling. The energy complex rebounded after showing early weakness.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High	Low
Oct	367.1	368.7	0	0
Nov	368.7	370.4	0	0
Dec	370.6	372.4	373.9	370.0
Feb	374.6	376.4	377.6	374.1
Apr	378.7	380.5	381.2	378.3
Jun	382.9	384.7	386.2	382.8
Aug	387.0	386.9	0	0
Oct	391.2	393.1	0	0
Dec	395.6	397.4	398.0	396.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High	Low
Oct	485.5	488.5	485.0	485.0
Dec	489.1	492.5	491.0	491.0
Jan	491.1	494.7	496.0	489.5
Apr	494.7	498.5	499.0	493.5
Jul	498.2	502.3	501.2	498.0
Oct	502.2	506.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High	Low
Oct	508.6	510.5	512.0	507.0
Nov	509.4	512.1	0	0
Dec	513.3	516.0	518.5	511.0
Jan	516.2	518.9	0	0
Mar	524.6	527.3	530.0	522.6
May	531.6	534.6	535.0	530.0
Jul	539.3	542.1	544.0	538.0
Sep	547.0	549.8	0	0
Dec	558.3	561.1	562.0	560.0
Jan	562.0	564.8	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High	Low
Oct	127.80	126.50	127.80	126.75
Nov	127.80	126.45	127.80	126.75
Dec	127.95	126.45	128.70	126.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High	Low
Nov	20.50	20.55	20.60	20.42
Dec	20.32	20.25	20.38	20.12
Jan	20.06	19.96	20.11	19.84
Feb	19.84	19.75	19.87	19.63
Mar	19.65	19.58	19.67	19.49
Apr	19.49	19.42	19.49	19.30
May	19.24	19.26	19.30	19.16
Jun	18.98	19.11	19.07	18.98
Aug	18.80	18.83	18.80	18.75

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High	Low
Nov	6010	6060	6040	5990
Dec	6080	6117	6095	6025
Jan	6030	6063	6050	5980
Feb	5905	5933	5920	5865
Mar	5650	5673	5660	5600
Apr	5405	5443	5415	5390
May	5240	5271	5245	5220
Jun	5135	5151	5135	5135
Aug	5150	5151	5155	5150

COCOA 10 tonnes;$/tonnes

	Close	Previous	High	Low
Dec	994	1016	1026	991
Mar	1008	1029	1036	1004
May	1026	1044	1050	1022
Jul	1045	1060	1065	1043
Dec	1089	1110	1106	1090
Mar	1113	1128	1130	1130

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High	Low
Dec	71.99	71.81	72.35	70.75
Mar	73.94	73.80	74.40	73.00
May	75.90	75.86	76.15	75.40
Jul	77.80	78.00	78.00	77.50
Sep	79.85	79.86	80.25	79.75
Dec	82.90	82.63	83.25	83.00
Mar	86.00	85.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High	Low
Jan	14.10	14.10	0	0
Mar	14.27	14.27	14.34	14.16
May	13.99	14.04	14.05	13.93
Jul	13.75	13.64	13.84	13.72
Oct	13.33	13.37	13.40	13.28
Mar	12.82	12.90	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High	Low
Dec	72.80	73.42	74.07	72.50
Mar	74.44	74.90	75.45	74.25
May	75.10	75.50	76.05	75.00
Jul	75.20	75.50	76.00	75.15
Oct	69.90	70.00	70.10	69.85
Dec	66.65	67.00	67.10	66.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High	Low
Nov	130.20	129.50	130.75	129.85
Jan	128.85	126.25	127.15	125.60
Mar	126.50	125.70	128.50	126.00
May	127.10	125.90	128.75	126.25
Jul	127.20	126.10	0	0
Sep	127.20	126.40	0	0
Nov	127.20	126.40	0	0
Mar	127.30	126.40	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Oct 18	Oct 17	mnth ago	yr ago
1880.3	1869.9	1893.1	1877.9

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	130.39	129.97	129.77	136.40
Futures	129.90	129.72	130.69	139.57

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High	Low
Nov	565/2	559/6	573/0	562/4
Jan	577/0	570/6	583/4	574/0
Mar	589/0	581/6	595/0	586/0
May	597/0	590/4	602/0	594/0
Jul	602/6	595/4	607/0	599/4
Aug	603/0	593/0	605/0	699/0
Sep	585/0	578/0	589/0	585/0
Nov	581/6	574/0	584/4	579/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High	Low
Oct	18.73	18.60	18.90	18.52
Dec	19.00	18.91	19.16	18.80
Jan	19.23	19.14	19.36	19.04
Mar	19.63	19.52	19.75	19.46
May	19.96	19.88	20.10	19.75
Jul	20.28	20.20	20.35	20.10
Aug	20.32	20.25	20.30	20.35
Sep	20.37	20.35	20.35	20.40

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High	Low
Oct	190.0	188.0	191.5	188.3
Dec	184.4	182.3	186.5	184.0
Jan	182.5	180.7	185.0	182.3
Mar	181.3	179.4	183.5	180.8
May	179.8	178.1	182.0	179.6
Jul	178.5	177.2	181.0	178.5
Aug	177.5	176.5	180.0	177.5
Sep	176.5	175.0	179.5	176.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High	Low
Dec	244/0	239/2	246/4	242/4
Mar	247/0	243/4	250/0	245/6
May	251/4	247/6	254/0	250/2
Jul	253/4	249/6	256/0	253/0
Sep	244/0	241/4	245/0	243/0
Dec	241/0	238/0	241/4	239/0
Mar	247/6	244/6	249/0	247/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High	Low
Dec	407/6	406/2	409/6	405/0
Mar	408/0	406/2	409/6	406/0
May	386/6	386/4	389/4	384/4
Jul	359/0	357/6	360/0	357/0
Sep	365/4	362/4	365/4	362/4
Dec	377/6	376/4	378/0	375/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High	Low
Oct	74.42	74.62	74.67	74.35
Dec	75.25	75.47	75.50	75.15
Feb	74.76	74.90	74.80	74.47
Apr	74.92	74.87	74.95	74.62
Jun	71.97	71.95	72.05	71.80
Aug	70.37	70.32	70.60	70.35

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High	Low
Oct	48.75	48.72	48.80	48.10
Dec	46.45	46.60	46.65	46.15
Feb	45.55	45.75	45.70	45.22
Apr	42.85	42.87	42.90	42.55
Jun	47.25	47.42	47.45	47.15
Jul	47.70	47.80	47.80	47.30
Aug	46.60	46.70	46.60	46.20
Oct	42.50	42.80	42.95	42.10

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High	Low
Feb	51.97	51.72	52.22	51.55
Mar	51.85	51.52	51.95	51.47
May	52.17	51.62	52.20	51.60
Jul	51.57	51.30	51.80	51.25
Aug	49.70	49.45	50.00	49.50

LONDON STOCK EXCHANGE

Shares move higher in thin trading

THE UK stock market yesterday made a further step on the road to recovery from this week's New York-inspired shakeout. But turnover remained very thin as the City of London awaited the potentially important policy speech by Mr Nigel Lawson, the UK Chancellor of the Exchequer, to the Bankers' Dinner at London's Mansion House last night.

The day's batch of domestic economic data proved no obstacle to the improvement in equities, although doubts were expressed at first over the rise in bank lending M4 to a record £10.2bn in September. However, neither the increased bank lending total nor the UK est average wage figures restrained the equity market.

In fact London was again following Wall Street closely; no signs of uncoupling here, based on the first three volatile trading days this week, as illustrated in the accompanying chart on this page. An added factor was the squeeze on market making at the securities houses who remain short of stock.

Share prices opened lower after an unexciting performance from New York overnight, but they began to climb in thin turnover as one market maker finished his buy programme. The pace picked up when Wall Street came in higher but, as predicted by market strategists, cooled off as the Footsie Index approached 2,200; at best, the Index was 24.3 up at 2,194.4.

The final reading showed the FT-SE Index at 2,189.3, a net gain on the day of 19.3. Turnover at 382.2m shares through the Seaq system compared with 450.5m on Thursday, marking an unwelcome return to the generally unviable business levels which have plagued the London market recently.

Within the context of a lightly-traded market, many of the recent bid stocks re-appeared in the list of share gains. BAT Industries rose smartly as the board disclosed, following the shareholder vote at yesterday's egm, that the group had bought in 2.5m shares and might buy more today; thereafter, share buybacks must wait until after the quarterly trading figures are released.

With prospects for the Hoylake consortium's bid for BAT receding, market attention switched once again to Ranks Hovis McDougall, regarded as a possible alternative target for Hoylake and where a Goldsmith company already has a stake. Elsewhere, building shares returned to favour despite lingering hints that another housebuilder may have run into difficulties.

Interest rate concerns were again soothed yesterday by a firm performance from sterling. However, the rise in bank lending provided a backdrop for last night's speech from the Chancellor and for the announcement next week of the latest UK monthly trade statistics.

Account Dealing Dates

*First Dealings:	Oct 2	Oct 16	Oct 30
Option Declarations:	Oct 12	Oct 26	Nov 9
Last Dealings:	Oct 13	Oct 27	Nov 10
Account Day:	Oct 23	Nov 6	Nov 20

*New time dealings may take place from 9.00 am two business days earlier.

Complex deal on Sun Life

A complicated agreement between UAP, the French insurance group, and Transamerica, the subsidiary of Liberty Life of South Africa, seemingly called a truce over the battle for control of Sun Life of the UK and saw the last named's shares surge ahead.

The deal between UAP, which speaks for almost 23 per cent of Sun Life, and Transamerica, holder of 29.8 per cent, effectively gives both sides the opportunity to buy each other's stakes at a price agreed by both sides. It also allows for UAP to increase its holding from the current level to 26 per cent.

Dealers, having pondered over the terms indicated in the exchange of letters between the companies, said the most likely outcome would be a French bid for Sun Life, although this could be some time away. The market agreed with this view, and Sun life shares closed 60 higher at 1158p on turnover of 311,000, well up on usual levels for the stock.

Transatlantic commenced its stake-building operation in Sun Life in 1980, increasing its stake to 25 per cent by 1984. It prevented a proposed share-swap arrangement between UAP and Sun Life in September last year.

Beazer downgrade

Beazer, the UK building materials and housebuilding group, continued to edge lower on adverse press reaction after Wednesday's figures and as analysts downgraded their profit forecasts. Beazer's results were in line with expectations but analysts said the high level of interest rates would eat into earnings in the current financial year.

BZW analysts downgraded their profit forecast to £100m from £140m, compared with £131.1m last year. UBS Phillips & Drew downgraded to £105m from £150m; and County NatWest WoodMac left unchanged its previous £100m forecast.

Mr Mark Stockdale of BZW said: "Beazer is the highest risk stock in the sector. A lot of investors have got tired of the risk profile of the group and don't like the level of gearing. High interest rates mean it is going to be a tough year." He expected its share price to consolidate but warned that further falls were possible.

Beazer closed down 3 at 135p having traded 2.3m shares. Dealers noted support at 135p and said a break below that level could be followed by further declines.

GrandMet upset

A profits downgrading for Grand Metropolitan from Hoare Govett provoked an initial sharp fall in the share price and an irritated reaction from GrandMet as well as prompting the company's broker to leap to the defence of existing forecasts.

Mr Andrew Buchanan, the Hoare analyst, cut his current year forecast from £905m to £865m and estimated earnings this year at 49.7p, growing to 57.7p next.

"With the benefit of hindsight that will look good in the market context," said Mr Buchanan. But Mr Geof Collyer, at GrandMet's broker, County NatWest WoodMac, said that Hoare's earnings figures "seem a little astray." He is sticking with his prediction, and particularly to share earnings numbers of 54p this year and 62p next.

Early news of the downgrading meant GrandMet opened at the lowest of the day at 532p. The shares recovered steadily as the debate rumbled on to end a net 4 lower at 541p. A busy 5.9m shares changed hands.

Reports that the damage done to San Francisco oil pipelines and refineries by the earthquake was minimal took oil prices lower and left the oil and gas sector mixed despite the overall rise in equity prices.

Shell, after the recent outperformance prompted by switching into the stock from Royal Dutch, came under pressure. The shares closed a shade off at 437p on turnover of 3m — well below recent levels of activity.

Mr Philip Morgan, at Citicorp Scrimgeour Vickers, said that the shares were overvalued and a sell for three reasons: one, that the yield relative to the FT All-Share Index was at a four-year low. Two: that the price relative to the All-Share was out of line. Three: that the price relative between BP and Shell was currently at a two-year high in favour of Shell.

BZW, recommending a switch from Shell to BP, said that the trigger for a re-rating of Shell could come with the release on Tuesday of third quarter figures from Shell Oil, the US subsidiary.

BZW reckons Shell Oil's net income will come out at $340m against a second quarter figure of $440m, due in part to a downturn in the group's chemicals business and that its exposure to chemicals (against BP's much smaller exposure) could trigger the switching into BP.

BP managed a 1¼ improvement at 299p on turnover of 4.6m, well down on recent daily volumes, sometimes above the 20m mark.

Burmah were boosted by sustained buying from one US securities house which left the shares 10 higher at 639p.

Ranks Hovis McDougall moved strongly ahead on speculation that a bid by Sunningdale had become more likely after BAT shareholders agreed a management proposal to restructure. Analysts said the move would strengthen BAT's defences against Hoylake's hostile bid. Sunningdale, the investment vehicle controlled partly by Sir James Goldsmith, owns 29.9 per cent of RHM, which closed up 21 at 435p.

The rest of the food manufacturing sector made slow progress as its defensive qualities became less attractive to investors as the rest of the market began to regain its composure.

There was busy trading in Vaux as the price climbed 7 to 326p which sparked talk of stakebuilding. Vaux owns Swallow Hotels, and Queens Moat Houses has an 8¼ per cent stake in the company. Queen's Moat finished unchanged at 100p.

Among second liners, Highland Distillers put in a belated good performance on the back of Monday's figures. The shares jumped 19 to 245p.

Thoughts of festive season purchasing helped Ratners climb 9 to 250p, while USM-quoted Clinton Cards put on 9 at 199p.

Dixons rebounded after three weak days, helped by a recurrence of vague talk of a bid from Bank Organisation. Marketmakers were sceptical of the notion, but the shares firmed 7 to 113p anyway.

Mr Paul Deacon, analyst at Goldman Sachs increased his profits forecast for Marks & Spencer by £15m to £590m, largely on likely improvements in gross margins and retail trade talk of business holding up well. M&S is the only retail major with a buy recommendation from Goldman. The shares added 7 at 193p.

Other leading stores were caught up in the sector's optimism. Gus "A" climbed 20 to 1044p, Sears firmed 3 to 107p, and Kingfisher put on another 10 to 281p in a relatively good week for the shares.

Analysts at County NatWest WoodMac changed their short term recommendation on Burton from a sell to a hold while at the same time emphasising their longer term caution.

"The company has good management, costs are controlled and they recognise demographic changes," said County. "But they show a lack of creativity in attracting those older, more up-market customers." Burton finished 5 better at 196p on good volume of 3.8m shares.

Polly Peck closed up 10 at 300p as the company announced the success of its recent rights issue which closed on Tuesday. The company said 97 per cent of shareholders had applied for the shares.

The property sector recovered from recent weakness helped by a shortage of stock. Land Securities and MEPC both rose 15 to 512p and 504p respectively.

Shares in Rolls-Royce added 2 to 172p as it said it would be building the engines for two 747-400 freighters ordered by Cathay Pacific.

Vickers closed up 3 at 230p as it was announced that IEP holdings, controlled by Mr Ron Brierley, the New Zealand businessman, had increased his stake in the company to 14.6 per cent.

An analyst said: "I think Brierley's move is strategic and I expect his stake to go higher. He will probably wait and then pass it on to the highest bidder."

Hawker Siddeley eased back as the market decided to slap a "could do better" note on the company following closer examination of the results. Shares closed at 648p, a drop of 10 on the day.

Among motors, Jaguar edged up a little as the market awaited the outcome of discussions that the company is having with General Motors about it acquiring a stake in Jaguar on friendly terms. Some 2.8m shares were traded as the share price closed at 667p, a gain of 4 on the day.

A bear squeeze developed in the building sector where the leaders and second-liners raced away as the session wore on. Redland jumped 19 to 495p, RMC the same to 641p, Taylor Woodrow 9 to 374p and Wimpey 21 to 243p, after 249p. Rugby advanced 13 to 151p. Some of the smaller housebuilders showed exceptional gains.

The takeover speculation surrounding Morgan Grenfell, the merchant bank, quietened and the shares ran back 9 to 379p. Dealers pointed out that turnover in the stock has been running at high levels for some weeks. SG Warburg, scheduled to announce figures around November 21, added 5 at 419p.

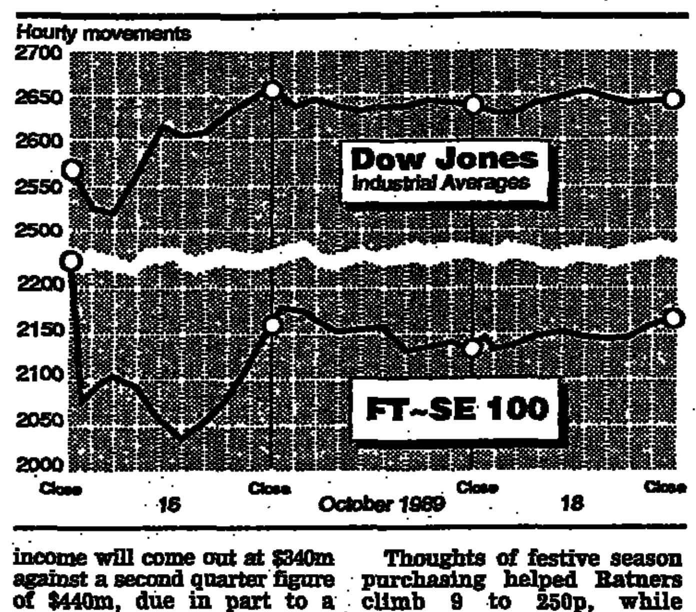
Takeover speculation returned to the life assurance sector where Britannic jumped 14 to 517p and Refuge 10 to 579p; the companies are connected via cross shareholding with Refuge holding 10 per cent of Britannic and the latter 7.3 per cent of Refuge. French insurance group Athena has a 9.34 per cent stake in Refuge, announced on monday.

Pearl rose 10 to 638p after issuing the defence document to the bid from Australian Provident.

In composites Royal Insurance raced up 15 more to 465p on 2.4m with a US fund said to have been an aggressive buyer of the shares. Insurance brokers made further progress.

Avon Rubber, moved strongly on favourable market sentiment following a visit by institutions to Cadillac Rubber and Plastics, the US subsidiary. The shares closed up 28 at 474p.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 25



FINANCIAL TIMES STOCK INDICES

	Oct 19	Oct 18	Oct 17	Oct 16	Oct 13	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.70	84.66	84.78	85.27	85.79	89.15	88.29 (9/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.20	93.40	93.97	93.77	94.06	97.75	99.58 (15/3)	93.20 (19/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1772.1	1758.5	1730.7	1760.3	1815.0	1512.5	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	193.2	190.6	192.5	184.9	204.7	172.2	215.2 (28/6)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2189.3	2170.1	2135.5	2163.4	2233.9	1864.3	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.63	4.66	4.72	4.65	4.51	4.60				
Earning Yld %(full)	11.16	11.22	11.35	11.15	10.85	11.54				
P/E Ratio(Net)(*)	10.82	10.78	10.64	10.78	11.11	10.49				
SEAQ Bargains(5pm)	20,915	22,524	39,523	57,410	28,312	28,464				
Equity Turnover(£m)†	-	1047.97	1329.96	1767.57	993.70	1364.48				
Equity Bargains†	-	24,836	44,469	40,916	28,515	38,781				
Shares Traded (mil)†	-	436.7	563.2	680.5	413.9	459.2				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ◆ Nil 10.74

Ordinary Share Index, Hourly changes — Day's High 1778.1 — Day's Low 1750.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1753.1	1759.9	1767.2	1771.7	1771.0	1772.3	1775.3	1772.9

FT-SE, Hourly changes — Day's High 2195.4 — Day's Low 2161.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2161.3	2173.9	2182.6	2186.7	2186.2	2189.2	2191.9	2190.2

GILT EDGED ACTIVITY

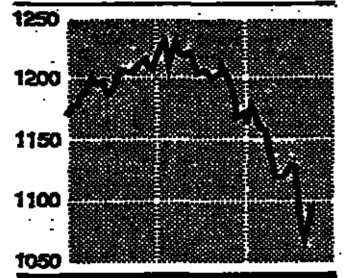
Indices	Oct 18	Oct 17
Gilt Edged Bargains	119.5	118.0
5-Day average	110.4	104.5

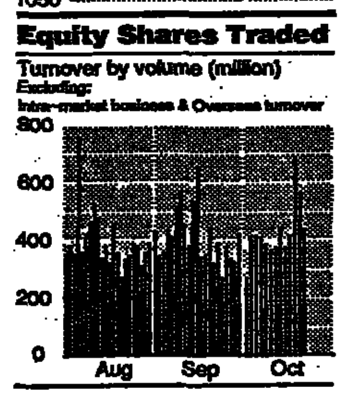
*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]





NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (14).
BRITISH FUNDS (2) Treasury 2pc IL 1990, Treasury 3pc 1990, BANKS (2) Allied Irish, Bank Ireland, BREWERS (1) Macallan-Glenlivet, BUILDINGS (1) Phoenix Timber, STORES (1) Aquascutum, INDUSTRIALS (3) Alexander (W), Sothebys Class A, Toothill (R.W.), INSURANCE (1) Sun Life, TRUSTS (3) Baillie Gifford Japan, Helnis, Second Market Inv.

NEW LOWS (18).
AMERICANS (2) Amdahl, Bethlehem Steel, CANADIANS (3) Derlan Inds., Tarn Pure Tech, Varity, ENGINEERING (1) Cauldon, INDUSTRIALS (2) Pergamon 1996, Smithdine Beecham Ln 1990/92, MOTORS (1) Lex Service, PAPERS (3) Assoc. Paper, Enso-Gutzeit, PrinTech, PROPERTY (1) Trust of Prop, TRUSTS (3) Ambrose Inv Cap, Jakarta Fund, Shires Inv. 11pc Ln., MINES (1) McFinley Rd Lake, THIRD MARKET (1) Systems Connections.

APPOINTMENTS

Joining Eurotunnel boards

■ EUROTUNNEL has appointed Baron de Wouters to the joint-board. He is a directeur of Société Générale de Belgique, and vice president of Tractebel. He replaces Mr M.A. Dumont who has resigned. The Baron will thus join the boards of Eurotunnel plc and The Channel Tunnel Group Ltd, together with Eurotunnel SA and France Manche SA.

Mr Bill Parfitt *(above)* has been appointed managing director of Lex Mead, part of the LEX RETAIL GROUP. He was operations director of sister company Shaw & Kilburn.

County NatWest Investment chairman

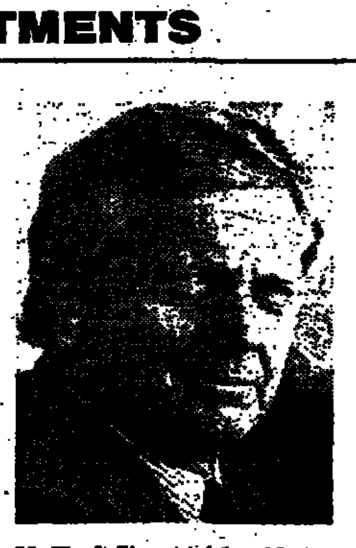
■ Sir Richard Butler, a director of NATIONAL WESTMINSTER BANK and NatWest Investment Bank, has been appointed chairman of County NatWest Investment Management. He is chairman of Agricola (UK), part of the Ferruzzi Group.

■ Mr Robert Simons has joined LONDON AND PROVINCIAL FACTORS as marketing director. He was senior marketing manager of Gotabanken's London branch.

■ Mr Philip Guy is joining HILL SAMUEL BANK as a director from November 1, and will be a member of the bank executive committee. He will become head of treasury in succession to Mr Peter Whitham. Mr Guy was a director of the KLEINWORT BENSON GROUP.

■ RELATIONAL TECHNOLOGY INTERNATIONAL has *appointed Mr Roger Tilbrook* as finance director. He was finance director of Norsk Data.

■ Mr Ian C. Clarke has been appointed corporate divisional manager in the asset finance *division of* KEY BUSINESS FINANCE CORP. He was with IGS.



Mr Hugh Stewart *(above)* has been appointed non-executive chairman of the SCHEDULING TECHNOLOGY GROUP. He moved to the group following his retirement as group chief executive, Westland Group.

■ MITSUBISHI ELECTRIC UK has appointed Mr Neville Reyner to the main board as director of electronics. He was general manager, electronics division.

■ SMITH BROS & WEBB, Alcester, has appointed Mr Ken Harrison as managing director. He was managing director of A.V.W. Wilcomatic, and succeeds Mr Ken Woolley who becomes executive director of property management and land development.

■ BUSINESS SALES GROUP has appointed Mr Grayson Taylor as managing director of the Taylor National division, following the acquisition of the Taylor National residential care and nursing home property agency founded by Mr Taylor.

■ Mr David Barrett has been appointed company secretary of ALLIED RESTAURANTS. He was with Dickinson Manser & Co, one of the company's legal advisers.

■ Mr Brian Holford has been appointed a director of THE THROGMORTON USM TRUST.

■ HENDERSON INVESTMENT SERVICES has *promoted Mr Rupert Carnegie* to the board.

C.E.Heath Group subsidiary posts

■ C.E. HEATH GROUP has made the following appointments: at C.E. Heath (North America) Mr C.J.T. Stewart and Mr P.E.W. Day become directors; Mr G.G. Dixon, Mr P.S. Holdway-Davis are made associate directors; and Mr K.D. Reckhouse an assistant director; and at Heath North American Reinsurance Broking Mr I.H. Roake becomes a director; Mr G.P. Goode and Mr D.R.D. Higham associated directors; and Mr R.M. Kimber and Mr P.E. Price assistant directors.

FT LAW REPORTS

Distributor of German goods can sue in UK

MEDWAY PACKAGING LTD v MEURER MASCHINEN GMBH & CO
Queen's Bench Division: Mr Justice Hobhouse: October 11 1989

A UK DISTRIBUTOR of goods manufactured in a country which is party to the 1982 Civil Jurisdiction Convention, may sue in the English court for breach of the distribution agreement though the manufacturer's underlying obligation to sell to him at discount should have been performed ex works in the foreign country, if the obligation of reasonable notice of termination on which his action is based should arguably have been performed in the UK.

Mr Justice Hobhouse so held when refusing an application by the defendant, Meurer Maschinen GmbH & Co, to set aside proceedings served on it in West Germany by the plaintiff English company, Medway Packaging Ltd; and for a declaration that the English court had no jurisdiction to hear Medway's claim.

Article 5 of the Convention on Jurisdiction and the Enforcement of Judgments in Civil and *Commercial Matters*, incorporated into English law by the Civil Jurisdiction and Judgments Act 1982, provides: "A person domiciled in a contracting state may, in another contracting state, be sued: (1) In matters relating to a contract, in the courts of the place of performance of the obligation in question . . ."

HIS LORDSHIP said that Meurer, a West German machine manufacturer, was domiciled in the Federal Republic of Germany. The UK and West Germany were contracting states under the 1982 Civil Jurisdiction Convention.

Article 2 of the Convention provided that persons domiciled in a contracting state should, whatever their nationality, be sued in the courts of that state. Under the special jurisdiction in article 5(1), a person domiciled in a contracting state might be sued in contract in the courts of "the place of performance of the obligation in question."

By writ served on Meurer in Germany, Medway claimed damages for breach of contract.

It alleged that Meurer had appointed it as exclusive distributor of its *machinery* in the UK from February 1981, and that in breach of that agreement in 1988 Meurer had authorised another company to *act as distributor*, and had purported to terminate its agreement with Medway without giving reasonable notice. Medway had accepted Meurer's conduct as a repudiatory breach of contract. It claimed £269,456 damages.

In the present proceedings Meurer applied under Order 12 rule 8 of the Rules of the Supreme Court to set aside service of the writ, and for a declaration that the court had no jurisdiction.

Medway had shown it had a good arguable case that it had an exclusive distributorship agreement with Meurer, and that it was entitled to reasonable notice of termination.

Medway's cause of action was for alleged wrongful *repudiation* of the agreement in 1988. The damages would be the profits which Medway would have earned during the alleged notice period had Meurer continued to sell to it and to give it the exclusive right to resell in the UK.

The relationship between Medway and Meurer was one of buyer and seller, not agent and principal. No agency role was involved.

Meurer's obligations under the agreement were (1) in Germany, to sell goods to Medway at a discount; (2) arguably, not to sell goods to any other UK importer; (3) arguably to give Medway reasonable notice before terminating the agreement.

Under article 5 of the Convention, Medway needed to persuade the court that the place of performance "of the obligation in question" was the UK.

Medway contended that article 5(1) must be given a broad interpretation, as referring to the country with which the contract had the closest connection. It said the relevant "obligation" was that which characterised the contract.

Meurer contended that the place of performance of the obligation was Germany, because that was where the goods were sold and delivered to Medway.

The language of article 5(1) — "the place of performance of the obligation in question" — did not tell the court how it was to identify the obligation to which it referred. It could be the secondary obligation to pay damages for breach of contract; or a negative obligation not to break a contractual *undertaking; or it could be the* obligation which the defaulting party was alleged to have failed to perform; or the obligation to be performed by the *plaintiff.*

Article 5(1) could be, as Medway contended, referring to performance of the contract in question, thus referring to the substantial place of performance of the contract viewed as a whole, not having regard to the specific obligation which was alleged to have been broken.

The relevant decisions were *De Bloos v Bouyer 1976 ECR 1497* and *Shenavai v Kreischer 1987 3 CMLR 782*, relied on by Meurer. Medway's submissions were directly contrary to those authorities.

In *De Bloos* a Belgian distributor complained a French manufacturer had unilaterally terminated his distributorship *contract without notice*. The European Court stressed that the obligation to be taken into account was "that which corresponds to the contractual right on which the plaintiff's action is based." The decision excluded a construction based on place of performance of the successive sales concluded in performance of the outline contract.

It also rejected the construction based on the place with which performance of the contract had its closest connection. *Ivanel v Schwab [1982] ECR 1891* gave some support to that broader approach in relation to contracts of employment.

Shenavai raised the question whether De Bloos provided the general test and *Ivanel* the exception, or the other way round. The court upheld *De Bloos* as the general test. With regard to the *Ivanel* test (the obligation which characterised the contract), it said that contracts of employment differed from other contracts by virtue of "certain particularities" arising from the relationship of master and servant and the framework of employment law.

In the present case neither party's submissions corresponded *to the law as formulated* by the European Court.

Medway's submission was equivalent to the rejected Ivanel test. Meurer's submission was contrary to *De Bloos*. It did not look to the plaintiff's cause of action, but rather to the formulation or causation of the plaintiff's loss.

The supply of goods by Meurer to Medway was indeed the underlying factor by reference to which Medway's damages claim would have to be assessed. But that was not the same as the cause of action on which Medway relied.

Medway had accepted the alleged repudiatory breaches by Meurer as entitling it to to terminate the contract and claim damages. Those breaches were the alleged failure and refusal to give to Medway reasonable notice, and the alleged appointment of another UK distributor.

That was conduct on Meurer's part on which Medway relied to found its cause of action.

Both breaches took place in the UK.

The obligation to give notice to Medway was to be performed in the UK. The obligation not to supply any other UK distributor was an obligation which Medway could say had to be performed in England as much as in Germany. It could rely on the breaches or anticipatory breaches, which were arguably committed within the English court's jurisdiction.

Those were the obligations which corresponded to the rights on which Medway's action was based.

The secondary obligation to compensate for breach of contract must not be categorised as an independent contractual obligation within article 5(1). It was remedial in character, arising in substitution for and replacing the primary contractual obligations.

Accordingly, Meurer's application to set aside the writ failed.

For Medway: Duncan Matthews (Middleton Potts & Co)
For Meurer: Peter Brunner (Hedleys)

Rachel Davies
Barrister

MR ANDREW HARVEY

On September 21 we published an article by Ian Lupson and Martin Piers under the heading "Director's personal liability: the increasing risk."

The authors referred in the article to the case of *Saunders v Harvey* in which the defendant was co-director with his wife of a company which carried on business as a flooring sub-contractor.

We have since learned that there is another Mr Harvey, Mr Andrew Harvey, who is managing director of another company, PAF plc trading as Platform Access Flooring, which is in a similar line of business but was in no way connected with the case. The authors and the FT apologise to Mr Andrew Harvey for any misunderstanding caused by the article.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	54.86	54.86	58.68	-0.55	4.67
Gilts & Fixed Int	6	108.8	108.8xd	115.3	+0.10	8.67
High Inc Equity	6	126.5	126.5xd	135.3	+2.00	4.69
Worldwide Bond	6	203.6	203.6	215.7	-2.00	4.91
Capital Growth						
American Growth	6	197.5	199.6	212.4	-1.50	0.89
Asian Pacific	6	111.70	113.9	121.2	-0.40	1.07
Assets & Earnings	6	149.8	149.8	160.3	+2.00	2.31
Capital Reserve Acc	0	87.39	87.39	87.41	.....	4.58
Capital Reserve Inc	0	77.58	77.58	77.60	+0.01	5.15
Comdy & Energy	6	107.8	107.8xd	115.3	+1.80	1.65
1992 Enterprise	6	57.18	57.18	61.16	+0.41	2.09
Euro Capital Acc	6	94.75	95.41	101.5	+0.40	0.74
Euro Capital Inc	6	91.36	92.08	97.96	+0.39	0.77
General	6	168.3	168.3	180.1	+2.10	2.78
International	6	54.20	54.92	58.43	+0.43	0.86
Japan	6	121.9	122.9xd	130.8	+0.80	0.00
Mastertrust	6	89.47	89.47	95.69	+0.37	1.78
UK Growth Acc	6	178.3	178.3xd	190.7	+2.20	1.47
UK Growth Dist	6	116.3	116.3xd	124.4	.....	2.25
US Emerging Cos	6	54.09	55.74xd	59.30	.....	0.00
Income & Growth	6	283.6	283.6	303.4	.....	3.38
Ethical	6	44.40	44.40	47.49	.....	2.11

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	33.06	33.06	35.29	+0.07	2.82
European	5¼	72.49	73.04	77.97	-0.11	0.60
European Income	5¼	69.94	69.94	74.66	-0.74	2.47
Exempt	1	746.0	746.0xd	775.8	+11.8	1.96
Extra Income	5¼	41.81	41.81xd	44.63	+0.67	4.64
F East Emrg Ecns	5¼	55.83	55.93	59.91	+0.97	0.31
Fund Inv Tst	5	121.7	123.5xd	131.8	-0.8	2.01
Do Accum	5	189.4	192.3xd	205.3	-1.20	2.03
Gilt & Fixed Int	5¼	20.75	21.52xd	22.97	-0.01	10.45
Income & Growth	5¼	66.99	66.99xd	71.51	+1.22	4.09
Intl Income	5¼	64.40	64.40xd	68.74	+1.36	4.88
Japan	5¼	211.1	211.1	225.4	-1.30	0.00
Pacific	5¼	415.2	415.2	444.7	+1.20	0.27

Buckmaster Mangmt Co Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
International	5	117.2	117.2	123.9	.....	4.03
(Accum Units)	5	161.2	161.2	170.5	.....	4.03
Smaller Co's	5	101.8	101.8	107.7	+1.4	2.29
(Accum Units)	5	111.8	111.8	118.2	+1.5	2.29
Inv Portfolio	2½	51.49	53.39	55.04	+0.89	3.95
(Accum Units)	2½	53.46	55.43	57.14	+0.93	3.95
High Income Port	3	45.99	46.35	48.05	+0.85	6.49

Burrage Unit Tst Mangmt Ltd (0985)F
117 Fenchurch St, London EC3M 5AL 01-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stk Dtd Gilt & FI	1½	54.49	54.49	55.28	+0.02	12.85

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 01-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
F&BSd Intl Gwth	5½	49.63	49.63	53.30	-2.77	1.40

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Green, W12 8SD 01-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	52.40	52.40	57.25	+0.88	2.23
Global Tst	5½	45.69	45.69	49.49	+0.49	2.01
Recovery Tst	5½	46.75	46.75	52.15	+0.39	1.92

CIBC Unit Tst Managers plc (1200)H
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Fd Acc	5	106.9	108.7	114.7	+1.1	4.21

CIS Unit Managers Ltd (1000)F
PO Box 105, Manchester M60 0AH 061 837 5060

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth	6	95.62	97.19	103.4	+1.3	2.59
UK Income	6	95.09	96.63	102.8	+1.6	5.86

CS Fund Managers Limited (1000)H
125 High Holborn, London WC1V 6PY 01-242 1148

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CS America F	5	64.22	64.22	68.31	.....	1.18
CS International F	5	59.02	59.02xd	62.78	.....	1.65
CS Japan F	5	152.4	152.4	162.1	.....	0.18
CS Portfolio Inv & F	5	67.46	67.46	71.76	.....	2.34

Canada Life Unit Tst Mgrs Ltd (1200)F
High St, Potters Bar, Herts. EN6 5BA 0707 51122

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Can Gen Dist	5	140.7	143.5	151.1	+1.70	3.06
Do Gen Accum	5	237.6	242.4	256.2	+2.90	3.06
Do Income Dist	5	90.91	93.45xd	98.37	+1.20	5.73
Do Inc Accum	5	214.5	220.3	231.9	+2.80	5.73
Gilt & Fxd Int	5	36.05	36.14	38.04	-0.09	8.44

Cannon Fund Managers Ltd (0700)H
1, Olympic Way, Wembley, HA9 0NB
01-902 8876. Dealing: 0800 282621

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5½	36.64	36.98	39.59	+1.02	2.58
Income	5½	45.92	46.52	49.76	+1.31	4.15
Far East ♦	5½	40.07	40.81	43.42	+0.80	0.05
North American ♦	5½	40.55	41.01	43.86	+0.53	1.64
Global ♦	5½	56.13	57.15	60.80	+1.00	1.61

Eagle Star Unit Mngrs Ltd (1000)H

Global Asset Management (1200)F

Lloyds Bk Unit Tst Mngrs Ltd—Contd.

Midland Unit Trusts Ltd—Contd.

MIM Britannia Unit Tst Mgrs Ltd (1000)F

Prudential Holborn Unit Tsts Ltd (1445)H

Scottish Provident Inv Mgt Ltd (1000)F

Scottish Widows' Fund Mngmt (0657)H

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INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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Premium Life Assurance Co Ltd

37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	125.0	132.0	+1.0	-
Building Soc. Fd.	174.0	184.0	.....	-
Balanced	278.0	293.0	+2.0	-
European	188.0	198.0	+3.0	-
GT Managed	185.0	195.0	+1.0	-
Gartmore Mngd.	126.0	133.0	-3.0	-
German	144.0	152.0	+4.0	-
Gilt	177.0	187.0	.....	-
Global	49.0	52.0	.....	-
High Inc.	115.0	122.0	.....	-
International Equity	194.0	205.0	+3.0	-
Japan	270.0	285.0	+3.0	-
Managed	57.0	60.0	+1.0	-
Property	294.0	310.0	.....	-
R. W. Imperial Gold	158.0	167.0	.....	-
UK Equity	320.0	337.0	+4.0	-
Pension Funds				
American	163.0	172.0	.....	-
Building Soc. Fd.	178.0	188.0	.....	-
Balanced	223.0	235.0	.....	-
European	197.0	208.0	.....	-
German	129.0	136.0	.....	-
Gilt	156.0	165.0	.....	-
International Equity	148.0	156.0	.....	-
Japan	149.0	157.0	.....	-
Managed	62.0	66.0	+1.0	-
Property	225.0	237.0	.....	-
UK Equity	305.0	322.0	+3.0	-

Professional Life Assurance Co Ltd

Frobisher Hse, Nelson Gate, Southampton 0703 232323

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Managed Fund	91.65	96.89	.....	-
Pensions Cash Fund	80.80	85.05	.....	-

Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4BE 0539 733733

Managed Fund see Balanced Growth Managed Fund

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Prudential Holborn Pensions Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
	209.2	220.3	-0.2	-
International Money	79.0	83.2	+0.2	-
North American	156.1	164.4	+0.9	-
Japanese	105.1	110.7	+0.7	-
European	107.9	113.6	+2.2	-
Special Situations	102.6	108.1	+0.7	-
Communications	102.0	107.4	+1.5	-
Smaller Companies	141.9	149.4	+0.5	-
International Small Cos				

Prudential Pensions Limited

Holborn Bars, London EC1N 2NH 01-548 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Oct 11	£165.36	170.61	.....	-
Equity Oct 11	£175.82	182.26	.....	-
International Oct 11	£30.19	30.86	.....	-
Intl Bond Oct 11	£12.88	13.05	.....	-
Fixed Int Oct 11	£73.27	74.08	.....	-
Index Linked Oct 11	£62.51	63.28	.....	-
Property Oct 11	£116.37	123.22	.....	-
Cash Oct 11	£21.7821	21.7821	.....	-
Pru-Linked Retirement Plan				
Managed Oct 17	376.3	392.0	.....	-
Cash Oct 17	205.0	213.6	.....	-
Prudential Pensions Investment Account				
Pens Mngd Oct 19	151.2	162.6	+0.3	-
Pens UK Eq Oct 19	277.0	298.6	-0.2	-
Pens Intl Oct 19	193.9	208.7	+1.7	-
Pens Fixed Oct 19	169.3	178.8	+0.3	-
Pens Index Lk Oct 19	160.4	169.5	-0.5	-
Pens Cash Oct 19	133.8	141.0	.....	-

Regency Life Assurance Co Ltd

Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflio Fd.	118.1	124.3	+0.3	-
Balanced Ptflio Fd.	308.0	324.2	+0.9	-
Cautious Ptflio Fd.	121.8	128.2	+0.1	-
Elite Fund	106.1	111.6	+0.8	-
European Fund	92.1	96.9	+0.3	-
Far East Fund	108.8	114.5	.....	-
Fixed Interest Fund	242.2	254.9	-0.4	-

[illegible]

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

[illegible]

MANAGEMENT SERVICES

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

IoM (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

GUERNSEY (**)

[illegible]

JERSEY (**)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100	98⅝	Exch 10¼pcCv '89	100xd	.....	—	—
101⅛	99½	Treas 13pc 1990‡‡	99⅞	−⅛	13.05	13.92
132¾	124	Treas 2pc IL '90(84.6)	132¼	−⅛	2.09	9.98
99⅞	98⅜	Exch 11pc 1990‡‡	98⅞	−⅛	11.11	13.78
101⅞	99⅞	Exch. 12½pc 1990	99⅜	−⅛	12.58	14.07
95⅞	91⅞	Treas. 3pc 1990	95⅞xd	+⅛	3.13	11.15
97¾	95⅝	Treas 8¼pc 1987–90‡‡	96⅞	+⅛	8.52	13.37
98⅞	95¼	Treas. 8pc Cv 1990 ‡‡	96⅜	−⅛	8.30	13.32
98⅞	96⅝	Treas. 10pcCv 1990	96⅞xd	−⅛	10.31	13.30
93⅞	87⅞	Exch 2½pc 1990	92⅞xd	+⅛	2.70	9.67
101⅞	98⅛	Treas 11¾pc 1991	98⅞	.....	11.92	12.95
93¼	89⅞	Funding 5¾pc '87–91‡‡	92⅞	+⅛	6.20	11.28
90⅞	86⅞	Treas. 3pc 1991	90½xd	+⅛	3.33	9.95
100⅝	95½	Treas 10pc Cv '91 ‡‡	96¼	.....	10.39	12.43
101⅞	96⅞	Exch. 11pc 1991	97⅝xd	.....	11.27	12.39
94⅛	91⅞	Treas. 8pc 1991	91⅞	−⅛	8.70	12.37
106⅞	100⅞	Treas 12¾pc 1992‡‡	101⅞	−⅛	12.53	11.78
99½	95⅞	Treas 10pc 1992	96⅞	−⅛	10.39	11.86
94⅞	90⅞	Treas. 8pc 1992 ‡‡	91⅞	−⅛	8.71	11.86
100¾	96⅞	Treas 10½pc Cv 1992‡‡	97⅞xd	−⅛	10.77	11.69
85⅝	82¼	Treas. 3pc 1992	84⅞	+⅛	3.56	9.94
105⅞	100½	Exch. 12¼pc '92	101¼	−⅛	12.10	11.68
109¼	103⅞	Exch 13½pc 1992	104⅝	−⅛	12.90	11.55
94⅞	90⅞	Treas 8¼pc 1993	91⅞	−⅛	9.03	11.40
100⅞	95⅞	Treas 10pc 1993‡‡	96⅞	−⅛	10.37	11.26
108¼	102⅞	Treas 12½pc 1993‡‡	103⅝	−⅛	12.06	11.24
88⅞	84⅞	Funding 6pc 1993‡‡	86⅞	+⅛	6.93	10.23
113¼	107⅞	Treas 13¾pc 1993‡‡	108½xd	−⅛	12.68	11.14
94⅝	89¼	Treas. 8½pc 1994	91⅛	−⅛	9.33	11.14
117⅞	111⅞	Treas 14½pc 1994‡‡	111⅞	−⅛	12.94	10.95
113⅞	107⅞	Exch 13½pc 1994	108¼xd	−⅛	12.47	11.12
100⅝	95⅞	Treas. 10pc Ln. 1994‡‡	96½	.....	10.36	10.97
110¼	104⅞	Exch. 12½pc 1994	105	−⅛	11.91	11.12
		Five to Fifteen Years				
96⅞	91⅞	Treas 9pc 1994‡‡	92⅞xd	−⅛	9.70	10.89
108⅞	102⅞	Treas 12pc 1995	103⅞	−⅛	11.58	11.05
79⅞	72	Exch 3pc Gas 90–95	75½xd	+⅛	3.97	8.66
101⅞	95⅝	Exch. 10¼pc 1995	96⅞	−⅛	10.57	10.95
113⅞	107¼	Treas 12¾pc 1995‡‡	108⅞xd	−⅛	11.76	10.82
119⅞	112	Treas. 14pc '96	113	−⅛	12.38	11.02
97½	91⅞	Treas. 9pc 1992–96‡‡	92⅞	−⅛	9.74	10.66
126⅞	119⅞	Treas 15¼pc 1996‡‡	120⅞xd	−⅛	12.69	10.85
117⅞	110	Exch 13¼pc 1996‡‡	111⅞xd	−⅛	11.92	10.84
101⅞	94⅞	Conversion 10pc 1996	96½xd	−⅛	10.36	10.71
118½	110¾	Treas 13¼pc 1997‡‡	111⅞	−⅛	11.84	10.82
104⅞	97½	Exch 10½pc 1997	98⅞	−⅛	10.63	10.73
95⅞	88⅝	Treas 8¾pc 1997‡‡	90⅞	−⅛	9.64	10.50
128⅝	120⅞	Exch 15pc 1997	121¼xd	−⅛	12.37	10.94
100⅞	93⅞	Exch. 9¾pc 1998	95¼	−⅛	10.23	10.60
84⅝	78⅝	Treas 6¾pc 1995–98‡‡	80¾xd	−⅛	8.36	10.17
134⅞	125⅞	Treas. 15½pc '98‡‡	126⅞	−⅛	12.23	10.75
113⅞	105⅝	Exch. 12pc 1998	107⅞xd	−⅛	11.18	10.71
100¼	93⅞	Treas 9½pc 1999‡‡	95⅞	−⅛	10.00	10.33
115⅞	107½	Exch. 12¼pc 1999	109⅞	−⅛	11.21	10.67
105⅝	97⅞	Treas. 10½pc 1999	99⅞xd	−⅛	10.53	10.54
104⅞	96⅞	Conversion 10¼pc 1999	98⅞xd	−⅛	10.42	10.52
94⅞	86⅞	Treas. 8½pc Ln 2000‡‡	88⅞	−⅛	9.56	10.26
97⅞	90	Conversion 9pc 2000‡‡	91⅞	−⅛	9.79	10.29
122⅞	113⅞	Treas. 13pc 2000	114⅝	−⅛	11.34	10.66
103⅝	95⅝	Treas 10pc 2001	97⅞	−⅛	10.23	10.33
124⅞	115¼	Treas. 14pc '98–01	117¼xd	−⅛	11.95	10.89
102⅞	94⅞	Conversion 9¾pc 2001	96⅞	−⅛	10.14	10.31
113⅞	105½	Exch. 12pc '99–02	107⅞	−⅛	11.20	10.74
104⅞	96⅞	Conversion 10pc 2002	98⅞	−⅛	10.15	10.20
102⅞	94⅞	Treas 9¾pc 2002	96⅞	−⅛	10.06	10.17
97⅞	89⅞	Exch. 9pc 2002	92xd	−⅛	9.78	10.11
126⅞	117⅞	Treas. 13¾pc 2000–03	119	−⅛	11.55	10.71
105⅝	97½	Treas 10pc 2003	99⅞	−⅛	10.03	10.04
113⅞	104⅞	Treas. 11½pc 2001–04	106⅞	−⅛	10.79	10.50
106⅞	97⅝	Treas. 10pc 2004	99⅞xd	−⅛	10.00	10.00
59⅞	55⅞	Funding 3½pc '99–04	56⅞	.....	6.19	8.82
		Over Fifteen Years				

BRITISH FUNDS—Contd

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102⅞	94¼	Conversion 9½pc 2004	96½xd	.....	9.89	9.9
103⅞	94½	Conversion 9½pc 2005	96⅞	.....	9.80	9.89
111¼	102⅞	Exch.10½pc 2005	104⅞	.....	10.02	9.89
125⅞	115⅝	Treas. 12½pc 2003–05	117⅞xd	+⅛	10.59	10.08
90⅞	82⅞	Treas. 8pc 2002–06‡‡	85	.....	9.40	9.82
105⅞	97⅞	Conversion 9¾pc 2006	99¼xd	.....	9.81	9.83
128⅞	109⅞	Treas. 11¾pc 2003–07	111⅞	.....	10.50	10.09
96⅞	87⅞	Treas 8½pc 2007 ‡‡	90⅞	.....	9.44	9.67
134⅝	123⅝	Treas. 13½pc '04–08	126⅞	+⅛	10.70	10.02
101⅞	92⅞	Treas. 9pc 2008 ‡‡	94⅞	+⅛	9.50	9.60
92⅞	84⅞	Treas 8pc 2009	86⅞	.....	9.27	9.55
102⅞	93⅞	Conv 9pc Ln 2011 ‡‡	95⅞	+⅛	9.45	9.52
68⅝	62⅞	Treas. 5½pc 2008–12‡‡	64	+⅛	8.60	9.34
89⅞	82⅞	Treas. 7¾pc 2012–15‡‡	83⅞	+⅛	9.27	9.47
132⅞	121¼	Exch. 12pc '13–'17	122⅞	.....	9.75	9.54
		Undated				
45⅝	41¼	Consols 4pc	41⅞	.....	9.62	—
40⅞	36½	War Loan 3½pc‡‡	36⅞	.....	9.49	—
70⅞	60⅞	Conv. 3½pc '61 Aft	62⅞	.....	5.57	—
41⅞	31⅞	Treas. 3pc '66 Aft	33	.....	9.09	—
30¼	25⅞	Consols 2½pc	26⅞	+⅛	9.55	—
29½	25⅞	Treas. 2½pc	26⅞	.....	9.59	—
		Index–Linked				
		(b)			(1)	(2)
112¾	103⅞	Tr. 2pc '92‡‡(97.8)	109¾	−¼	3.13	4.31
105⅞	94⅞	Do. 2 '94 (102.9)	101⅞xd	−¼	3.29	3.86
155⅞	139⅝	Do. 2pc '96(67.9)	150⅞	−¼	3.17	3.60
130⅞	118⅞	Do 2½pc '01(78.3)	127⅞	−⅛	3.50	3.77
127⅞	115⅝	Do. 2½pc '03(78.8)	124⅛xd	−⅛	3.56	3.81
131⅞	117⅞	Do. 2pc '06(69.5)	127⅞	−⅛	3.58	3.78
123⅞	110¼	Do. 2½pc '09(78.8)	118⅝xd	−⅛	3.59	3.77
128	114⅞	Do. 2½pc '11(74.6)	123¾	−⅛	3.57	3.74
106¼	95¼	Do. 2½pc '13(89.2)	102⅝	−⅛	3.56	3.72
115¾	101¼	Do. 2½pc '16(81.6)	111⅞	−⅛	3.51	3.67
112⅞	100⅞	Do. 2½pc '20(83.0)	108⅞	−⅛	3.47	3.60
95⅞	84⅞	Do. 2½pc '24‡‡(97.7)	91⅞	−⅛	3.43	3.55

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1989: 111.8 and for September 1989: 116.6.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
108⅞	99½	African Dv Bk 11¼Ln 2010	101⅞	−⅛	10.96	10.93
104⅞	96⅛	Asian Dev Bk 10¼pcLn2009	97⅞	−⅛	10.48	10.51
130⅞	119⅞	Australia 13½pc 2010	121⅞xd	−⅛	11.15	10.90
113⅞	102⅞	Do. 11½pcLn2015	104⅞	−⅛	10.87	10.83
108⅞	99⅞	Euro Inv Bk 11pc Ln 2002	101⅞	+⅛	10.80	10.72
104⅞	95⅞	Do. 10½pc2004	97⅝	−⅛	10.63	10.69
119⅞	109⅞	Int-Am Dev Bk 12½pc 2003	110⅞	−⅛	11.27	10.91
99¼	90⅞	Do. 9¾pcLn 2015	92⅞	−⅛	10.49	10.56
97½	91½	Mlysia 10¾pcLn 2009	95xd	.....	11.56	11.66
120	115	Utd. Mexican States 16½pc 2008	115	.....	14.35	14.20

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102	99½	Birmingham 13½pc 1989	100½	.....	13.43	11.20
111½	102½	Do. 11½pc 2012	103½xd	.....	11.11	11.10
91	85½	GLC 6¾pc 1990–92	87½xd	.....	7.71	13.10
124½	116	Leeds 13½pc 2006	118½	.....	11.39	11.06
33	30	Liverpool 3½pc Irred	30xd	.....	11.67	—
95½	92	LCC 6¾pc '88–90	93½	.....	7.22	13.90
30	26	Do. 3pc '20 Aft	28xd	.....	10.71	—
107½	101½	Manchester 11½pc 2007	102½xd	.....	11.22	11.20

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988–92	87¾	−¼	8.26	12.30
206	206	S Rhod 2½pc Non–Asstd	206	.....	—	—
84½	84½	Do. 4½pc 87–92 Asstd	84½	.....	5.33	9.33

LOANS

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Building Societies				
99⅞	98⅞	B'wide Anglia 11⅞pc 6.11.89	99⅞xd	.....	11.83	14.93
100	98⅞	Do. 12⅞pc 4.12.89	99⅞	.....	12.38	15.38
100⅞	99⅞	Do. 12⅞pc 2.1.90	99⅝	.....	12.89	15.23
100⅝	98¾	Do. 12⅞pc 29.1.90	99⅞	.....	12.68	15.27
100	98¾	Do. 12⅞pc 26.2.90	98⅞	.....	12.82	15.26
100	98⅞	Do. 12⅞pc 19.3.90	99⅞	.....	12.99	15.13
100⅞	99¼	Do. 13⅜pc 23.4.90	99⅞xd	.....	13.48	15.05
100	98⅞	Do. 13pc 14.5.90	99⅞xd	.....	13.12	14.99
100	98⅝	Do. 13⅞pc 4/6/90	99⅞	.....	13.80	14.92
100⅞	99⅞	Do. 14⅞pc 2.7.90	99⅝	.....	14.38	14.89
100¼	98⅞	Do. 13⅝pc 23.7.90	99	.....	13.76	14.87
100	98⅞	Do. 13⅞pc 13.8.90	98⅞	.....	13.59	14.82
107	98½	Do. 3⅞pcIL Ln 2021	105½xd	−½	4.21	4.30
		Public Board and Ind.				
47†	43	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.62

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	40	Greek 7pc Ass	40	.....	3.50	f8.75
45	40	Do. 6pc 28 Stb. Ass	40xd	.....	3	f7.50
45	40	Do 4pc Mixed Ass	40xd	.....	2	f5.00
80	65	Hung. '24 Ass	80	.....	2.75	f3.57
139⅞	128⅞	Hydro Quebec 15pc 2011	129⅞	−⅛	15.00	11.28
128⅞	118⅞	Iceland 14½pc Ln 2016	121⅞xd	−⅛	14.50	11.82
97¼	91½	Ireland 9¾pc '91–96	91¼xd	−¼	9.75	11.50

AMERICANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'w	Y'ld Gr's
43¾	26⅛	Abbott Laboratories$	41⅞xd	+½	$1.40	—	2.1
579p	361p	Allegheny & W 1c	465p	.....	30c	—	4.1
18¾	12⅞	Amax $1	14½xd	−½	80c	—	3.5
11⅞	6	Ambase Corp $1	9⅞xd	−⅛	20c	—	1.4
15	781p	Amdahl 5c	781xd	−34	b10c	—	0.8

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

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LONDON SHARE SERVICE

AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
39⅛	18¼	Gillette $1	28½	−⅞	96c	—	2.1
987p	601p	Gt American Bank Bk $1	617p	+2	20c	—	2.1
23⅞	16⁷⁄₁₆	Greyhound $1½	19⅝	−⅛	$1.32	—	4.3
14⅝	847p	Hasbro Inc 50c	13⅛	......	16c	—	0.8
57½	32¾	Honeywell $1½	49⅞xd	+¼	$2.10	—	2.7
22⅝	15¼	Houston Inds.	21⅞	......	$2.96	—	8.8
76⅞	62⅜	IBM Corpn $1¼	63⅞xd	−½	$4.84	—	4.8
60p	45p	Image Storage/R.Sys 1c	50p	+5	—	—	—
32⅛	18¾	Ingersoll-Rand $2	28½xd	−¼	$1.20	—	2.7
33¼	22½	Lockheed Crpn. $1	28½xd	−⅝	$1.80	—	4.0
22⅝	15⅛	Lone Star Inds $1	18⅞xd	+1⅛	$1.90	—	6.5
27⅞	17½	Louisiana Land 15c	24¼xd	−⅛	$1.00	—	2.6
20½	11½	Lowe's 50c	19	......	48c	—	1.6
28⅞	15⅞	Manuf. Hanover $1	25¼	−⅛	$3.28	—	8.2
22⅝	13⅞	Merrill Lynch $1	17½	+⅛	$1.00	—	3.6
2477p	1910p	Molex Inc	2369p	−15	3.2c	—	—
30⅛	18⅛	Morgan (JP) $2½	27¼xd	−⅛	$1.66	—	3.9
28⅞	24⅛	Morris (Philip)	27⅛xd	......	$1.13	—	2.6
54½	36⅛	NYNEX $1	49½	−1	$4.36	—	5.6
44p	20p	N'wide Legal Serv.	27p	−1	—	—	—
24⅞	18¼	PHH Corp.	22½	−½	$1.12	—	3.2
259p	179p	♦Pacific Agr.	195p	−5	—	—	—
27¼	19	Pacificorp $3¼	25½xd	−¼	$2.76	—	6.6
30¼	16⅞	Pacific Telesis 10c	27⅞	−⅝	$1.88	—	4.3
22⅞	15¼	Pall Corp. 25c	20⅞	+¼	48c	—	1.5
55⅜	39⅞	Pennzoil 83 1/3c	49½xd	−⅞	$3.00	—	3.8
42¼	28⅛	Quaker Oats $5	38⅝	−¼	$1.20	—	2.0
32⅛	23½	Rep NY Corpn $5	29⅞xd	+⅛	$1.28	—	2.8
16	11⅜	Rockwell Intl. $1	14⅝xd	......	78c	—	3.4
29½	22	Sears, Roebuck 75c	24⅝	−⅛	$2.00	—	5.1
37½	21⅝	Southwestern Bell $1	35¼	......	$2.60	—	4.7
27⅞	17⅜	Sun Co. Inc. $1	24⅜xd	+⅛	$1.80	—	4.6
31¼	22⅜	TRW Inc. 62½c	29⅞	−⅞	$1.72	—	3.7
24⅞	14⅝	TW Services $5	20½	+1⅛	10c	—	0.3
40⅞	26¾	Tenneco $5	37⅞	+¼	$3.04	—	5.1
35⅞	28	Texaco $6.25	32⅞xd	−¼	$3.00	—	5.9
28⅞	21¼	Texas Instr. $1	22xd	−⅛	72c	—	2.1
117⅞	58⅝	Time Inc. $1	84¼	−⅝	$1.00	—	0.8
19⅛	15⅛	TRINOVA Corp.	15⅝	−⅛	sb8c	—	2.8
26⅞	16	USX $1	21½xd	+⅛	$1.40	—	4.1
321p	126p	♦Unilab	307p	−14	—	—	—
36⅝	22⅛	Utd Technologies	33⅞xd	−⅛	$1.60	—	3.0
158p	128p	♦Unitech Inc.	128p	−16	—	—	—
48¼	31½	US West	44	−⅛	$3.76	—	5.4
45⅛	22⅝	Waste Management $1	40⅛xd	−⅛	60c	—	0.9
20½	13½	Whirlpool $1	17⅞	......	$1.10	—	3.9
24⅛	16⅞	Whitman Corp.	18⅞	−⅛	$1.02	—	3.4
46⅝	28¼	♦Woolworth $3½	37⅞	+1⅛	$1.88	—	3.2

CANADIANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
178p	129p	♦ABM Gold Corp	153p	−15	—	—	3.2
26p	4½p	♦Abbot Energy Corp.	25½p	......	—	—	—
16½	902p	♦Amer. Barrick Res.	15⅛	......	—	—	—
28p	10½p	♦Armeno	15½p	−½	—	—	—
33½p	8½p	♦Augmitto Expln.	15p	−1½	—	—	—
18⅜	12⅞	Bk. Montreal	16⅛	−⅛	$2.12	—	6.9
10⅞	655p	Bk. Nova Scot.	920pxd	+5	92c	—	5.4
821p	599p	♦BC Gas $1	790p	+5	60c	—	4.1
23½	17	BCE	22½	......	$2.44	—	5.9
17	12⅛	♦Brascan	15⅞	−⅛	88c	—	3.1
228p	108p	♦Breakwater Res.	136p	+6	10c	—	4.0
17¼	11¼	Can. Imp Bank	16¼	+¼	$1.24	—	—
15¼	997p	Can. Pacific	13⅝	......	76c	—	2.9

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LONDON SHARE SERVICE

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES — Contd

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES — Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.
Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- @ "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

IRISH

[illegible]

TRADITIONAL OPTIONS

3-month call rates

Industrials

Allied-Lyons	[illegible]
Amstrad	[illegible]
BAT	[illegible]
BOC Grp	[illegible]
BTR	[illegible]
Barclays	[illegible]
Blue Circle	[illegible]
Boots	[illegible]
Bowater	[illegible]
Brit Aerospace	[illegible]
Brit. Telecom	[illegible]
Burton Ord	[illegible]
Cadbury	[illegible]
Charter Cons	[illegible]
Comm Union	[illegible]
Courtaulds	[illegible]
FKI	[illegible]
Gen Accident	[illegible]
GEC	[illegible]
Glaxo	[illegible]
Grand Met	[illegible]
GUS 'A'	[illegible]
Hanson	[illegible]
Hawker Sidd	[illegible]
ICI	[illegible]
Jaguar	[illegible]
Ladbroke	[illegible]
Legal & Gen	[illegible]
Lex Service	[illegible]
Lloyds Bank	[illegible]
Lucas Inds	[illegible]
Marks & Spencer	[illegible]
Midland Bk	[illegible]
Morgan Grenfell	[illegible]
Nat West Bk	[illegible]
P & O Dfd	[illegible]
Plessey	[illegible]
Polly Peck	[illegible]
Racal Elect	[illegible]
RHM	[illegible]
Rank Org Ord	[illegible]
Reed Intl	[illegible]
Sears	[illegible]
Smithkline Bckm A	[illegible]
STC	[illegible]
TSB	[illegible]
Tesco	[illegible]
Thorn EMI	[illegible]
Trust Houses	[illegible]
T&N	[illegible]
Unilever	[illegible]
Vickers	[illegible]
Wellcome	[illegible]

Property

Brit Land	[illegible]
Land Securities	[illegible]
MEPC	[illegible]
Rosehaugh	[illegible]

Oils

Brit Petroleum	[illegible]
Burmah Oil	[illegible]
Calor	[illegible]
Charterhall	[illegible]
Enterprise	[illegible]
Premier	[illegible]
Shell	[illegible]
Ultramar	[illegible]

Mines

Cons Gold	[illegible]
Lonrho	[illegible]
RTZ	[illegible]

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rallies on Fed action

THE DOLLAR and sterling finished towards the top of their ranges on the day in Europe yesterday. Action by the US Federal Reserve to drain liquidity from the New York banking system, via four-day matched sales, was regarded as an indication that there is now less chance of a further easing of monetary policy.

This view was reinforced by a continued recovery of share prices on Wall Street. The move by the Fed and the more confident tone on world equity markets provided support for the dollar.

Earlier in the day the dollar fell through a technical support level of DM1.84 on news that the US consumer price index rose only 0.2 per cent in September, compared with market forecasts of a 0.4 per cent gain. This encouraged speculation that the Fed might ease again, leading to a fall in the dollar to a low of DM1.8375. The later action by the Fed on the New York money market pushed the US currency up to close at *DM1.8520, below the* Wednesday finish of DM1.8535 but nevertheless a strong rally.

In terms of the yen, the dollar rose to Y141.95 from Y141.65, but it fell to SFr1.6235 from SFr1.6260 and to FFr6.2875 from FFr6.2950. On Bank of England figures the dollar's index eased to 69.6 from 69.7.

Sterling held firm for most of the day. This reflected a reluctance to go short of the pound ahead of last night's speech to the City of London by Mr Nigel Lawson, the UK Chancellor, at the Mansion House. Speaking in Parliament, before going to the City, Mr Lawson reaffirmed that the Government's policy was to join the Exchange Rate Mechanism of the European Monetary System. He also restated his policy that interest rates would stay as high as necessary, *for as long as necessary*, to get inflation down.

Mr Lawson underlined these points in his speech at the Mansion House, but his failure to provide a date for entry into the ERM is likely to disappoint the market, leading to a reopening of short sterling positions today

The market was disappointed yesterday at figures showing a sharp rise to £10.2bn in bank and building society lending (M4) in September, but *the data may not be as bad as it looks*. Analysts expected a figure for M4 lending of about £7.2bn, compared with £8.4bn in August, but Mr Nick Parsons, economist at Union Discount, pointed out that the extra lending had not gone into financing consumer spending or into the housing market. He suggested that it might be borrowing by manufacturers to finance unsold stock; should this prove to be the case, it would be an indication of a sharp slow down in the UK economy.

Sterling rose 55 points to $1.5940, and also advanced to DM2.9525 from DM2.9450; to Y226.25 from Y225.00; to FFr10.0225 from FFr10.0000; and to SFr2.5875 from SFr2.5825. The pound's index rose 0.3 to 89.6.

£ IN NEW YORK

Oct.19	Latest	Previous Close
£ Spot	1.5975-1.5985	1.5915-1.5925
1 month	0.84-0.83pm	0.84-0.83pm
3 months	2.39-2.36pm	2.48-2.45pm
12 months	8.38-8.28pm	8.45-8.35pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Oct.19	Previous
8.30 am	89.7	89.3
9.00 am	89.6	89.2
10.00 am	89.7	89.1
11.00 am	89.7	89.3
Noon	89.8	89.3
1.00 pm	89.7	89.3
2.00 pm	89.7	89.3
3.00 pm	89.7	89.3
4.00 pm	89.6	89.3

CURRENCY RATES

Oct.19	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.24432	1.43633
U.S Dollar	7	1.27660	1.11430
Canadian $	12.46	1.49835	1.30752
Austrian Sch.	6½	16.5741	14.4569
Belgian Franc	10¼	49.5768	43.1513
Danish Krone	10½	9.21067	8.00346
Deutsche Mark	6.00	2.35750	2.05343
Neth Guilder	7.00	2.66299	2.31852
French Franc	10¼	8.01322	6.97218
Italian Lira	13½	1736.50	1512.11
Japanese Yen	3¼	181.533	157.506
Norway Krone	8	8.82514	7.67976
Spanish Peseta	-	150.410	130.975
Swedish Krona	9½	8.22003	7.14155
Swiss Franc	6.00	2.06873	1.79737
Greek Drach.	20½	N/A	183.681
Irish Punt	-	0.88469	0.771356

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Oct.18

CURRENCY MOVEMENTS

Oct.19	Bank of England Index	Morgan** Guaranty Changes %
Sterling	89.6	-21.8
U.S Dollar	69.6	-8.5
Canadian Dollar	104.8	+1.5
Austrian Schilling	107.9	+10.7
Belgian Franc	107.0	-5.3
Danish Krone	105.0	0.0
Deutsche Mark	115.0	+22.3
Swiss Franc	107.4	+16.0
Guilder	111.8	+14.5
French Franc	100.9	-14.4
Lira	98.8	-19.5
Yen	137.4	+68.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Oct.18 .

OTHER CURRENCIES

Oct.19	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Korea(Sth)	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxembourg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
Mexico	[illegible]	[illegible]
N. Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
S. Af (Cm)	[illegible]	[illegible]
S. Af (Fn)	[illegible]	[illegible]
Taiwan	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct.19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1513	+1.63	+1.06	±1.5424
Danish Krone	7.85212	8.00346	+1.93	+1.36	±1.6419
German D-Mark	2.05853	2.05343	-0.25	+0.82	±1.1019
French Franc	6.90403	6.97218	+0.99	+0.42	±1.3719
Dutch Guilder	2.31943	2.31852	-0.04	+0.61	±1.5019
Irish Punt	0.768411	0.771356	+0.38	-0.19	±1.6689
Italian Lira	1483.58	1512.11	+1.92	+1.85	±4.0815
Spanish Peseta	133.804	130.975	-2.11	-2.07	-

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Oct.19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5900 - 1.6065	1.5935 - 1.5945	0.88-0.86cpm	6.55	2.46-2.43pm	6.14
Canada	1.8700 - 1.8845	1.8720 - 1.8730	0.49-0.42cpm	2.92	1.32-1.21pm	2.70
Netherlands	3.32¾ - 3.34½	3.32¾ - 3.33¾	2-1⅞cpm	6.98	5¾-5¼pm	6.38
Belgium	61.75 - 62.15	61.90 - 62.00	30-26cpm	5.42	83-76pm	5.13
Denmark	11.46¾ - 11.53¼	11.46¾ - 11.47¾	1⅞-1⅛orepm	1.90	3½-2¾pm	1.09
Ireland	1.1050 - 1.1110	1.1075 - 1.1085	0.40-0.35ppm	4.06	1.15-1.05pm	3.97
W. Germany	2.94½ - 2.95½	2.95 - 2.95½	1⅞-1⅝pfpm	7.37	5-4⅞pm	6.69
Portugal	251.50 - 253.70	251.50 - 252.50	21-11cpm	0.76	38-19pm	0.45
Spain	187.65 - 188.95	187.70 - 188.00	39-20cpm	1.88	25-76dis	-1.08
Italy	2169 - 2177¼	2173¾ - 2174¾	5-3lirepm	2.21	13-11pm	2.21
Norway	10.99½ - 11.05¾	10.99¾ - 11.00¾	3⅞-3⅝orepm	4.09	10⅛-9⅝pm	3.59
France	9.99¾ - 10.03½	10.01¾ - 10.02¾	4⅜-4⅛cpm	5.09	11⅝-11⅜pm	4.59
Sweden	10.24¼ - 10.29½	10.23¾ - 10.24¾	2⅞-2¼orepm	3.30	7¼-6⅞pm	2.76
Japan	225½ - 226¾	225¾ - 226¾	1⅞-1⅝ypm	9.28	4¾-4⅝pm	8.29
Austria	20.71 - 20.83	20.71 - 20.74	12⅛-11⅜gropm	6.80	32½-29pm	5.93
Switzerland	2.58¼ - 2.59¾	2.58¼ - 2.59¼	1¾-1⅝cpm	7.83	4⅝-4⅜pm	6.96
ECU	1.4360 - 1.4410	1.4360 - 1.4370	0.55-0.52cpm	4.47	1.62-1.57pm	4.44

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 62.20-62.30 Six-month forward dollar 4.69-4.64cpm 12 months 8.46-8.36pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Oct.19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5900 - 1.6065	1.5935 - 1.5945	0.88-0.86cpm	6.55	2.46-2.43pm	6.14
Ireland†	1.4385 - 1.4480	1.4385 - 1.4395	0.28-0.23cpm	2.99	0.95-0.85pm	2.82
Canada	1.1725 - 1.1745	1.1735 - 1.1745	0.35-0.37cdis	-3.68	1.00-1.04dis	-3.48
Netherlands	2.0730 - 2.0915	2.0905 - 2.0915	0.13-0.11cpm	0.69	0.30-0.26pm	0.54
Belgium	38.55 - 38.95	38.80 - 38.90	2.50-5.00cdis	-1.16	7.50-10.50dis	-0.93
Denmark	7.16 - 7.22¼	7.19½ - 7.20	3.00-3.40oredis	5.35	7.70-8.15dis	-4.41
W. Germany	1.8360 - 1.8535	1.8515 - 1.8525	0.12-0.10pfpm	0.72	0.23-0.20pm	0.47
Portugal	157.65 - 158.20	158.10 - 158.20	60-70cdis	-4.95	255-285dis	-6.85
Spain	117.15 - 117.95	117.85 - 117.95	50-60cdis	-5.61	157-167dis	-5.51
Italy	1352½ - 1364¼	1363¾ - 1364¼	4.20-4.70liredis	-3.93	12.50-13.50dis	-3.83
Norway	6.87¾ - 6.92¼	6.90 - 6.90½	1.20-1.55oredis	-2.39	4.25-4.65dis	-2.58
France	6.23½ - 6.29¼	6.28½ - 6.29	0.80-0.85cdis	-1.53	2.45-2.60dis	-1.61
Sweden	6.39½ - 6.43½	6.42 - 6.42½	1.70-1.90oredis	-3.37	5.00-5.35dis	-3.23
Japan	140.85 - 142.00	141.90 - 142.00	0.33-0.31ypm	2.71	0.88-0.85pm	2.44
Austria	12.94 - 13.02½	13.01½ - 13.02	0.70-0.20gropm	0.42	1.30pm-0.20dis	0.17
Switzerland	1.6050 - 1.6260	1.6230 - 1.6240	0.18-0.15cpm	0.85	0.41-0.36pm	0.95
ECU	1.1110 - 1.1130	1.1110 - 1.1120	0.17-0.16cpm	1.78	0.47-0.44pm	1.64

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.00-39.10.

EURO-CURRENCY INTEREST RATES

Oct 19	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15-14⅞	15-14⅞	15⅛-15	15⅛-14⅞	14⅞-14¾	14⅞-14¾
US Dollar	8¾-8⅝	8⅞-8¾	8⅞-8¾	8⅝-8½	8½-8⅜	8½-8⅜
Can. Dollar	12⅛-11⅞	12⅛-11⅞	12-11¾	12⅛-11⅞	11⅞-11¾	11⅞-11¾
D. Guilder	8⅛-8	8⅛-7⅞	8⅛-7⅞	8⅛-7⅞	8⅛-7⅞	8⅛-7⅞
Sw. Franc	7⅛-7⅛	7⅛-7⅛	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞	7⅞-7⅝
Deutschmark	7⅞-7¾	7⅞-7¾	7⅞-7¾	8⅛-7⅞	8⅛-7⅞	8⅛-7⅞
Fr. Franc	9⅞-9⅞	9⅞-9⅞	10-9⅞	10⅛-9⅞	10-9⅞	9⅞-9¾
Italian Lira	12-10	13½-12½	12¾-12¼	12⅝-12⅛	12½-12⅛	12⅝-12¼
B. Fr. (Fin)	9⅛-9⅛	9½-9⅜	9⅝-9⅜	9⅝-9⅜	9⅝-9½	9½-9⅜
B. Fr. (Con)	9⅛-9	9⅝-9⅜	10-9¾	10-9¾	9⅞-9½	9¾-9⅝
Yen	6⅛-6	6⅛-5⅞	6⅛-6⅛	6⅝-6½	6⅞-6⅝	6⅝-6⅝
D. Krone	15⅛-13⅛	14½-14	14-13½	13¾-13¼	12½-12	12-11½
Asian $Sing	8⅞-8⅝	8⅞-8⅝	8⅞-8⅝	8⅞-8⅝	8½-8⅜	8⅞-8⅝

Long term Eurodollars: two years 8⅝-8½ per cent; three years 8⅞-8⅝ per cent; four years 8¾-8⅝ per cent; five years 8⅞-8¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Oct.19	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.594	2.953	226.3	10.02	2.588	3.333	2174	1.873	61.95
$	0.627	1	1.853	142.0	6.286	1.624	2.091	1364	1.175	38.86
DM	0.339	0.540	1	76.63	3.393	0.876	1.129	736.2	0.634	20.98
YEN	4.419	7.044	13.05	1000.	44.28	11.44	14.73	9607	8.277	273.8
F Fr.	0.998	1.591	2.947	225.8	10.	2.583	3.326	2170	1.869	61.83
S Fr.	0.386	0.616	1.141	87.44	3.872	1	1.288	840.0	0.724	23.94
H Fl.	0.300	0.478	0.886	67.90	3.006	0.776	1	652.3	0.562	18.59
Lira	0.460	0.733	1.358	104.1	4.609	1.190	1.533	1000.	0.862	28.50
C $	0.534	0.851	1.577	120.8	5.350	1.382	1.779	1161	1	33.08
B Fr.	1.614	2.573	4.767	365.3	16.17	4.178	5.380	3509	3.023	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100% — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100% — [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100% — [illegible]

LIFFE £/$ OPTIONS £25,000 (cents per £1) — [illegible]

LIFFE EURODOLLAR OPTIONS $1m points of 100% — [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100% — [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr — [illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1) — [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100 — [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

STANDARD & POORS 500 INDEX $500 times index — [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

7-10 YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

US TREASURY BONDS 8% $100,000 32nds of 100% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100% — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — [illegible]

THREE MONTH STERLING £500,000 points of 100% — [illegible]

THREE MONTH EURODOLLAR $1m points of 100% — [illegible]

THREE MONTH EUROMARK DM 1m points of 100% — [illegible]

FT-SE 100 INDEX £25 per full index point — [illegible]

POUND-$ (FOREIGN EXCHANGE) — [illegible]

DEM-STERLING DM per £ — [illegible]

EUROPEAN OPTIONS EXCHANGE

Series: Gold C, Gold C, Gold P; EOE Index C/P; $/Fl C/P; ABN C, ABN P, Aegon C, Aegon P, Ahold C, Ahold P, Akzo C, Akzo P, Amev C, Amro C, BUHRMANN-TC, DAF N.V., N.V. DSM C, N.V. DSM P, Elsevier C, Elsevier P, Gist-Broc. C, Gist-Broc. P, Heineken C, Heineken P, Hoogovens C, Hoogovens P, KLM C, KLM P, KNP C, KNP P, NEDLLOYD C, NEDLLOYD P, Nat.Ned. C, Nat.Ned. P, Philips C, Philips P, Royal Dutch C, Royal Dutch P, Unilever C, Unilever P, Van Ommeren C, Van Ommeren P, Wessanen C — values [illegible]

		Vol	Last	Vol	Last	Vol	Last	Stock
Nat.Ned. P	Fl. 65	485	0.20	423	1.90	24	2.30	Fl. 68.10
Philips C	Fl. 45	3371	2.10	1662	4.40 b	366	6	Fl. 47.10
Philips P	Fl. 45	411	0.10	150	1.70	141	2.80	Fl. 47.10
Royal Dutch C	Fl. 150	3432	0.10	1081	4.80	148	7.80	Fl. 143.90
Royal Dutch P	Fl. 150	473	6	292	8	50	9.60	Fl. 143.90
Unilever C	Fl. 150	1224	2.50	102	8.20	462	12.50	Fl. 151.90
Unilever P	Fl. 150	564	0.30	306	4.80 b	31	6.50	Fl. 151.90
Van Ommeren C	Fl. 35	119	0.20	143	2.50	20	4.20	Fl. 34
Van Ommeren P	Fl. 35	173	1.10	81	2.50	19	3	Fl. 34
Wessanen C	Fl. 90	-	-	79	1.50	-	-	Fl. 79.40

TOTAL VOLUME IN CONTRACTS : 94,969
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Waiting for Lawson

A LARGER than expected rise in September bank and building society lending (M4) caused some concern on London's financial markets yesterday but had little impact on interest rates in London. Three-month sterling interbank closed at 15⅛-15 per cent compared with 15⅛-14⅞ on Wednesday. On Liffe December short sterling finished around the middle of the day's range at 85.45. This was lower than the previous close of 85.53, but was considered a reasonable performance *in the circumstances*.

Political implications and continued nervousness after the volatility in equity markets make a further rise in UK bank base rates unlikely, but dealers also doubt that a cut in rates is possible in the near future.

UK clearing bank base lending rate 15 per cent from October 5

Apart from the M4 lending figure, there were no other shocks in yesterday's UK economic news, leaving the markets to wait for the Mansion House speech last night to the City of London by Mr Nigel Lawson, the UK Chancellor.

The Bank of England forecast a money market credit shortage of £350m, but revised this to £550m at noon. Total help of £567m was provided. Before lunch the authorities bought £322m bank bills in band 2 at 14⅞ per cent; in the afternoon another £150m bills were purchased in band 2 at 14⅞ per cent. Late assistance of around £95m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £210m with Exchequer transactions absorbing £120m and a rise in the note circulation £70m. These outweighed bank balances above target of £50m.

In Frankfurt the West German Bundesbank left its credit *policies unchanged at a regular* council meeting. Official rates were increased at the previous meeting, and there was no expectation of a further move yesterday. Call money remained firm at 7.95 per cent, but *is expected to ease away* from the 8 per cent Lombard emergency financing rate today.

Liquidity has been helped by a slight increase in funds at this week's securities repurchase agreement tender. The market will also benefit from some DM6bn flowing into the banking system today as Government bonds mature.

There is no apparent problem with banks' reserve holdings at the Bundesbank at present, and if this continues until the end of the month it should also encourage an easing of pressure on rates. Banks reserve holdings averaged DM59bn for the first 17 days of *October*.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct.19) 3 months US dollars		6 months US Dollars	
bid 8 3/16	offer 8 5/16	bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	10
Fed.funds	8 13/16
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	7.45	Three year	7.91
Two month	8.01	Four year	7.91
Three month	7.77	Five year	7.89
Six month	7.95	Seven year	7.96
One year	7.84	10-year	7.96
Two year	7.86	30-year	7.99

Oct.19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.90-8.00	7.95-8.10	7.90-8.05	8.00-8.20	7.95-8.15	8.00
Paris	9¾-10	9 15/16-10 1/16	9 15/16-10 1/16	10-10⅛	9 15/16-8 1/16	9.50
Zurich	6½-6¾	7⅝-7¾	-	7⅝-7⅞	-	-
Amsterdam	8.00-8.10	8.12-8.22	-	8.12-8.22	-	-
Tokyo	6-6⅛	6⅛-6¼	-	6⅝-6 11/16	-	-
Milan	12¼-12⅝	12⅝-12⅞	-	12⅞-13¼	-	-
Brussels	10.25	9⅝-9 11/16	-	9⅝-9 13/16	-	-
Dublin	10¼-10½	10⅝-10¾	10¾-10⅞	10⅞-11	11-11¼	-

LONDON MONEY RATES

Oct 19	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	15	15 1/16	15 1/16	14 15/16	14 13/16
Interbank Bid	11	14⅞	15	15	14 13/16	14 11/16
Sterling CDs.	—	—	15	15	14 13/16	14 11/16
Local Authority Deps.	14⅞	14⅞	14⅞	14 15/16	14 13/16	14½
Local Authority Bonds	—	—	—	—	—	—
Discount Mkt Deps.	14⅞	14⅞	14⅞	14½	—	—
Company Deposits	—	—	15	15 1/16	14 13/16	14⅝
Finance House Deposits	—	—	15 1/16	15 1/16	15	14¾
Treasury Bills (Buy)	—	—	14 11/16	14 11/16	—	—
Bank Bills (Buy)	—	—	14 13/16	14 13/16	13⅞	—
Fine Trade Bills (Buy)	—	—	15 11/16	15 3/16	14½	—
Dollar CDs.	—	—	8.65	8.62	8.47	8.47
SDR Linked Dep. Offer	—	—	8⅝	8 9/16	8¾	8¾
SDR Linked Dep. Bid	—	—	8½	8 7/16	8½	8½
ECU Linked Dep. Offer	—	—	10 5/16	10 5/16	10⅜	10⅜
ECU Linked Dep. Bid	—	—	10 3/16	10 3/16	10¼	10 3/16

Treasury Bills (sell): one-month 14 11/16 per cent; three months 14⅝ per cent; Bank Bills (sell): one-month 14 13/16 per cent; three months 14 13/16 per cent; Treasury Bills; Average tender rate of discount 14.5687 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 29, 1989. Agreed rates for period October 25,1989 to November 25, 1989, Scheme I: 14.82 p.c., Schemes II & III: 15.27 p.c. Reference rate for period Sept.1,1989 to Sept.29, 1989, Scheme IV&V: 14.018 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from October 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 12 per cent; Under £100,000 10½ per cent from May 25,1989, Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	15	Clydesdale Bank	15	NatWestminster	15
Adam & Company	15	Comm.Bk.N.East	15	Northern Bank Ltd	15
Allied Trust Bank	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Irish Bank	15	Coutts & Co	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Cyprus Popular Bk	15	Provincial Bank PLC	16
Associates Cap Corp	14	Dunbar Bank PLC	15	R. Raphael & Sons	15
Authority Bank	15	Duncan Lawrie	15	Roxburghe Guarantee	15½
● B & C Merchant Bank	15	Equatorial Bank plc	15	Royal Bank of Scotland	15
Bank of Baroda	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Banco Bilbao Vizcaya	15	Financial & Gen. Bank	15	● Smith & Williamson Secs.	15
Bank Hapoalim	15	First National Bank Plc.	16	Standard Chartered	15
Bank Credit & Comm	15	● Robert Fleming & Co.	15	TSB	15
Bank of Cyprus	15	Robert Fraser & Ptnrs.	15½	United Bk of Kuwait	15
Bank of Ireland	15	Girobank	15	United Mizrahi Bank	15
Bank of India	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of Scotland	15	HFC Bank plc	15	Western Trust	15
Banque Belge Ltd	15	● Hambros Bank	15	Westpac Bank Corp.	15
Barclays Bank	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Beneficial Bank PLC	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Brit Bk of Mid East	15	● Hill Samuel	§15		
● Brown Shipley	15	C. Hoare & Co.	15		
Business Mtge Bank PLC	15½	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
		Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		

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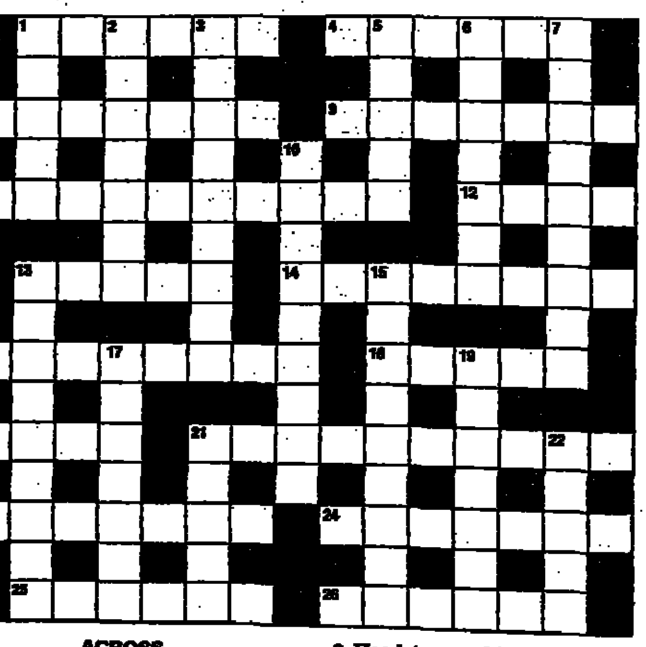
CROSSWORD

No.7,068 Set by GRIFFIN



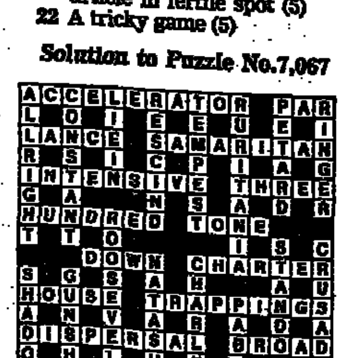
ACROSS

1 Caught soldier retreating carrying all the beer.... (6)
4 .....beer ought to be about 2p here (6)
8 In exchange for a home in Silver Street (7)
9 Mend your old well (7)
11 Angers a nurse if it goes wrong (10)
12 Firm needing half yard of fabric (4)
13 Heard why egg producer goes round with a carnivore (5)
14 Met artist on turning in – very suspicious! (8)
16 Curse the AA man after breaking down.... (8)
18 .....when reversing; say RAC is in favour (5)
20 Correct time the French way (4)
21 When finished has said ceremonial seat brought down (10)
23 Back to finish renovation of Eros (7)
24 A wire container (7)
25 Sign on hospital a student is entering (6)
26 View of leading physician in a group (6)

DOWN

1 Jocular parson working under lorry (5)
2 Free time that is left up to firm (7)
3 Headstrong old boy in swivelling seat can (9)
5 Vegetables and fish returned by heartless kids (5)
6 One having a large bill for food? (7)
7 If not duck, needs the right sage (9)
10 Money taken off stays with buttons on the inside (9)
13 Back with crane, moving obstacle (9)
15 Just eight sour – that's odd (9)
17 Plant arbitrator goes into industry (7)
19 Shorten a link (7)
21 Lives under very large article in fertile spot (5)
22 A tricky game (5)

Solution to Puzzle No.7,067



WORLD STOCK MARKETS

CANADA

TORONTO
4pm prices October 19

MONTREAL
4pm prices October 19

Total Sales 7,680,751 shares.

INDICES

NEW YORK

DOW JONES	Oct 19	Oct 18	Oct 17	Oct 16	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2683.20	2643.65	2638.73	2657.38	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	92.68	92.70	92.74	93.00	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1263.51	1247.87	1254.27	1304.23	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	215.42	213.97	214.54	214.73	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2707.58 (2664.34) Low 2650.61 (2610.66)

STANDARD AND POOR'S	Oct 19	Oct 18	Oct 17	Oct 16	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	347.13	341.76	341.16	342.86	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials (latest)	396.57	390.22	389.34	391.33	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	33.55	33.00	32.90	33.17	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	192.17	189.32	188.89	189.76	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	382.81	378.07	375.16	376.41	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	470.80	463.28	459.93	460.98	485.73 (9/10)	378.56 (3/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Oct 13	Oct 6	Sep 29	year ago (approx.)
Dow Industrial Div. Yield	4.01	3.62	3.74	3.63

	Oct 18	Oct 11	Oct 4	year ago (approx.)
S & P Industrial div. yield	2.95	2.82	2.82	3.19
S & P Indl. P/E ratio	14.28	14.91	14.90	13.03

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Puget Sound	4,168,700	21⅛	.....
Philip Morris	3,736,000	44½	+ 1⅛
BankAmerica	2,774,500	32	+ ⅛
AT&T	2,455,700	43⅞	+ ⅞
IBM	2,220,100	104⅛	+ 2⅜
Upjohn	2,149,600	39⅞	+ 1⅛
N Y E&G Co	2,052,500	26½	+ ⅛
Bristol Myers	1,988,600	52⅝	+ 1⅝
Pinnacle	1,798,600	11⅝	− ⅝
Dun & Bradst	1,793,700	51⅞	− 1⅞

TRADING ACTIVITY

† Volume Millions	Oct 19	Oct 18	Oct 17
New York	198.120	166.900	224.070
Amex	14.463	12.385	16.651
NASDAQ	(a)	147.649	161.474
Issues Traded	1,950	1,934	1,979
Rises	1,222	811	635
Falls	342	662	941
Unchanged	386	461	403
New Highs	36	8	3
New Lows	18	33	35

CANADA

TORONTO	Oct 19	Oct 18	Oct 17	Oct 16	1989 HIGH	1989 LOW
Metals & Minerals	3587.98	3551.33	3527.1	3601.7	3919.2 (1/9)	3207.5 (3/1)
Composite	3969.66	3929.51	3904.2	3927.3	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	2034.55	2009.55	1997.39	2012.26	2069.68 (10/10)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (a) Unavailable.

	Oct. 19	Oct. 18	Oct. 17	Oct. 16	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1655.9	1629.2	1662.6	1600.7	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	798.4	788.5	801.5	770.0	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	472.92	475.06	482.45	470.01	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6498.17	6368.67	(u)	6567.96	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	334.61	328.83	329.12	321.69	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	673.6	670.8	677.7	666.0	815.8 (18/4)	666.0 (16/10)
FRANCE						
CAC General (31/12/82)	523.9	519.9	526.5	523.5	561.6 (11/10)	417.9 (4/1)
Ind. Tendance (30/12/88)	120.5	117.5	118.6	115.4	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	640.44	632.26	623.02	582.8	690.91 (10/10)	535.78 (27/2)
Commerzbank (1/12/53)	1903.9	1878.7	1850.8	1731.0	2056.8 (10/10)	1595.7 (27/2)
DAX (30/12/87)	1526.60	1491.14	1475.44	1385.72	1657.61 (8/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2663.37	2628.55	2695.90	2601.70	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1744.78	1730.25	1695.06	1635.82	1848.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	659.36	656.34	668.33	642.95	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35374.22	35107.56	34996.08	34468.69	35689.98 (28/9)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2665.66	2642.88	2639.66	2600.88	2703.58 (2/10)	2366.91 (6/1)
2nd Section (4/1/68)	3705.58	3689.86	3693.39	3655.40	3804.11 (9/10)	2774.38 (27/3)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	260.5	256.2	252.2	249.5	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	200.3	197.0	193.9	191.9	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	648.94	636.37	631.01	605.86	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1214.18	1197.26	1222.83	1212.21	1288.62 (13/10)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1337.12	1310.22	1341.83	1285.04	1431.85 (12/10)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1535.0‡	1504.0	1491.0	1399.0	1710.0 (27/9)	1291.0 (15/2)
JSE Industrial (28/9/78)	2501.0‡	2467.0	2450.0	2306.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	909.54	917.19	927.69	927.21	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	310.35	308.73	311.12	301.27	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4347.31	4272.4	4258.75	4112.31	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	788.5	766.3	761.6	734.2	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	10092.45	9968.28	10100.52	9690.20	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	668.65	673.18	686.79	661.45	724.93 (13/9)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	528.4	526.6	522.3	551.2 (3/8)	487.6 (13/6)

**Saturday Oct.14: Taiwan Weighted Price: 10019.68. Korea Comp Ex. 934.41.
‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday October 19 1989

	Stocks Traded	Closing Prices	Change on day
Tokyu	58.9m	2,270	+190
Tokyu Land	27.8m	1,670	+40
Odakyu	26.2m	1,920	+140
Tokyu Constr.	12.4m	1,510	+30
Renown	12.1m	1,540	+90
Amada Washino	11.8m	1,310	+80
Mitsui Real Est	11.5m	2,890	+100
Mitsubishi Ray	10.9m	861	−44
Wakachiku	9.7m	2,300	+100
Taisei	9.5m	1,570	+20

4pm prices October 19

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37⅞	21¼	AAR	.48	1.3	28	445	37¼	36⅝	37	+1½
9⅞	8⅞	ACM n	1.01	11.		217	9¼	9	9⅛	
11⅝	10¼	ACMIn	1.26a	11.		410	11½	11⅜	11⅜	–⅛
10⅛	8	ACM M	n1.04	12.		820	8⅝	8¼	8⅝	+¼
11½	10	ACM Sc	1.26	11.		1261	11¼	11⅛	11¼	
9⅛	8⅜	ACMSp	1.01	11.		530	9¼	8⅞	9⅛	+⅛
18	11½	AL Lab	.12	.8	17	31	16	15⅝	16	+¼
4⅛	3¼	AMCA	.12e	4.0	20	41	3⅛	d 3	3	–⅛
6⅛	4½	AM Intl			11	823	5¼	5	5⅛	+⅛
23½	20⅝	AM In pf	2	9.1		27	22	21⅞	21⅞	+⅛
107¼	46½	AMR			8	13172	74½	72⅝	73⅞	–⅝
27	25	ANR pf	2.67	10.		9	26	26	26	+¼
7⅛	3⅝	ARX				78	4⅛	3⅞	4	
48⅞	37¼	ASA	3a	6.7		1213	44⅞	44½	44½	–⅛
30¼	15¼	AVX	.24	.8	13	410	29¼	28¼	29¼	+⅝
68½	44⅛	AbtLab	1.40	2.1	18	5614	68¼	66½	67½	+1¼
18¼	13⅛	Abitibi g	1			49	13⅝	13½	13½	
13	7½	AcmeC	.40	3.9		12	10⅜	10¼	10⅜	+⅛
9¼	5⅞	AcmeE	.32	3.7	10	6	8⅝	8⅜	8⅝	+⅛
38½	20¼	Acusn			26	396	36¼	35½	35¾	+½
17	14¼	AdaEx	1.82e	11.		181	16⅞	16	16⅞	+⅜
12⅝	6½	Adobe				137	12	11⅝	11⅞	–⅛
19⅞	16½	Adob pf	1.84	9.7		z21	19	18¾	19	+½
21⅝	19⅞	Adob pf	2.40	12.		z10	20¼	20¼	20¼	+¼
10½	7⅛	AMD				2290	8½	8⅞	8⅞	
35	28⅛	AMD pf	3	9.9		22	30⅛	30	30⅛	+⅛
10⅛	6⅝	Advest	.12	1.5	14	52	8	7⅞	8	+⅛
60⅛	46	AetnLf	2.76	4.6	9	5437	60	58¼	59⅝	+⅛
14	12⅛	AflPb				427	13⅛	13	13⅛	+⅛
25	15¼	Ahmans	.88	4.0	11	2595	22½	22	22	–¼
4⅛	2¼	Aileen				12	2⅛	2⅛	2⅛	–⅛
48⅞	37¾	AirPrd	1.32	2.9	11	1552	46¼	44¾	46¼	+1½
39⅝	17⅝	AirbFrt	.60	1.6	24	146	37⅛	35⅞	37¼	+1½
25⅛	14⅜	Airgas			13	74	21⅞	21½	21⅞	+⅜
20¾	18⅛	Airlease	2.40	12.	9	58	20	19¾	19⅞	–⅛

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Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
35⅞	19½	RayRay	.76	3.1	8	82	25	24⅝	24⅞	
62⅜	49⅞	ReyMtl	1.80	3.3	6	3344	55	53⅞	54½ +	⅛
41⅛	29⅛	RiteAid	.82	2.1	17	322	39½	39⅛	39½ +	½
⅝	5-32	RvrOak				73	5-32	5-32	5-32	
12⅞	8⅝	Robtsn				439	12⅛	11⅞	12⅛ +	⅛
35	21⅞	vjRobins			15	605	34	33	34	+1
21⅛	16⅞	RochG	1.60	7.6	11	715	20	19⅝	19⅞ +	⅛
45⅛	23½	RochTl	s1.42	3.4	19	289	42⅛	40⅞	41⅞	+1⅞
20⅞	15½	RckCtr	1.68	8.6	15	327	19⅝	19⅝	19⅝ +	⅛
25⅛	18⅞	Rockwl	.78	3.3	8	1946	24	23⅞	23⅞ +	⅞
8⅛	4⅞	RodRen				30	6⅛	6⅝	6⅛ +	⅛
37½	30⅞	RoHaas	1.20	3.6	11	1801	33⅝	32⅞	33½ +	½
37⅞	23⅞	Rohr			14	627	25⅞	24⅞	25⅞	+1⅛
15⅛	9	RollinE	.08	.7		6018	12	11⅛	11⅞ +	⅝
21	16⅞	Rollins	.54	3.1	16	35	17⅞	17⅝	17⅝ +	⅛
48⅛	36⅛	Rorer	.80	1.9	27	2056	42⅝	41⅞	41⅞ −	⅞
9⅞	4½	Rowan				4902	9⅛	8⅞	9 +	⅞
24	23½	RBSct pr				255	23⅞	23½	23⅞ +	⅛
70⅛	55⅛	RoylD	s3.35e	4.9	6	3246	69⅛	68⅝	69 +	⅝
16	8⅞	RoyInt	.20e	2.0	11	184	10⅝	10⅛	10⅛ −	½
10	7⅞	Royce	.51e	5.2		257	9⅞	9½	9⅞ +	⅛
35⅞	29½	Rubmd	.44	1.3	23	846	34	33⅛	33⅞ +	⅛
21⅛	14½	RussBr	.40	2.7	20	94	14⅞	14⅞	14⅞	
15	10⅝	RussTg	.20	1.7	47	80	11⅞	11⅝	11⅞	
25⅞	15⅞	Russell	.28	1.2	16	967	23⅞	22½	23⅞	+1⅛
31⅛	22½	Ryder	.60	2.7	11	11668	23⅞	22½	22½	−1⅛
29½	22	Rykoff s	.80	2.8	14	1619	23⅞	23⅛	23½ +	⅛
25⅞	18	Ryland	.60	2.9	7	431	21⅛	20½	20⅞ −	½
14⅞	8⅞	Rymer				26	11½	11⅛	11⅞	
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AMEX COMPOSITE PRICES

4pm prices October 19

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices October 19

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							
XOMA			1534	22⅞	21	22⅞	+1⅛
Xicor		10	927	5	4⅝	5 +	⅛
YanEnS	.38e		10	21⅞	21⅛	21⅛	
YelowF	.78	9	1582	26	25½	25⅞ +	⅛
YorkFn			559	6⅝	5⅞	6½ +	⅝
ZionUt	1.44		78	30½	29⅞	30½	+1⅛

AMERICA

Takeover issues propel Dow higher

Wall Street

IN A DEFIANT celebration of the second anniversary of the 1987 Crash and the recovery from last Friday's mini-Crash, the equity market yesterday rallied sharply, *writes Janet Bush in New York.*

The Dow Jones Industrial Average closed 39.55 points higher at 2,683.20 on active volume of 198m shares.

The most remarkable ingredient of the rally was that there was a sharp rebound in "deal stocks," issues which had been boosted by takeover speculation and then plunged last Friday on news that financing for the UAL buy-out had collapsed.

Yesterday's renewed buying of rumoured takeover candidates appears to have been triggered by news that Chemical Bank had successfully completed the bank financing for a buy-out of American Medical International, the troubled hospitals group.

The Dow is now less than 80 points below last Thursday's closing level, on the eve of Friday's 190 point sell-off – so in less than a week, it has retraced well over half of its losses.

Even before yesterday's rally in takeover stocks, many on Wall Street had been concerned that the market had recovered too quickly from Friday's sell-off, which they viewed as necessary to squeeze some of speculative money out of the market. This camp will be even more concerned after yesterday's apparent return of "hot money" to the market.

The market started the session on a positive note, after news that the consumer prices index had risen by only 0.2 per cent in September and, even excluding the volatile food and energy components, the rise was still only 0.2 per cent.

It was notable yesterday that the Dow Jones Transportation Index rose 15.65 points to 1,263.51, having fallen for seven consecutive sessions as arbitrageurs piled out airline issues.

Yesterday, UAL continued to languish, closing $1⅞ lower at $190⅞. AMR slipped $⅞ to $73⅞, Delta added $2⅛ to $70 and USAir gained $1 to $41⅞.

Among recovering takeover issues, which were so weak on Friday, Hilton Hotels jumped $3⅛ to $100, Paramount Communications added $1⅞ to $58⅞, Holiday Corp gained $1⅞ to $73 and F W Woolworth rose $1⅛ to $60⅞.

AMI itself, the trigger for yesterday's gains, added $2 to $23⅞.

A clutch of companies announced third-quarter earnings. AT&T rose $⅞ to $43⅞ after announcing earnings higher than a year ago and a special retirement offer for managers. American Express jumped $⅞ to $37⅞ after its improved results and news that it had added $110m to loss reserves at its banking subsidiary.

Insurance stocks continued to profit from the earthquake in San Francisco which should tip the balance towards increased premiums. American International Group jumped $4 to $106⅞ and General Re added $3⅞ to $89⅞.

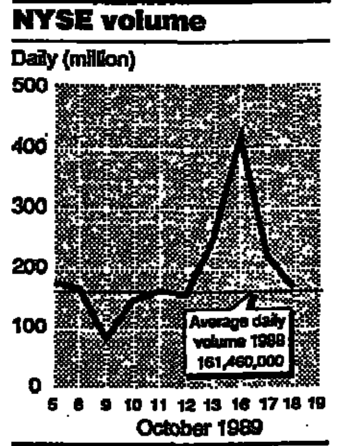
Canada

A SHARP advance in active trading was recorded in Toronto, where the composite index was up as much as 50 points during the day.

The index closed 40.15 points higher at 3,969.66. The index has regained all but 42 of the 141 points lost in last Friday's plunge.

Trading volume eased to 28m shares from Wednesday's 28m and value fell to C$382.7m from C$397.9m. Advances topped declines by 415 to 246.

Connaught BioSciences gained C$1½ to C$33¾. Ciba-Geigy and Chiron, which have offered C$30 a share for the company, entered a research spending agreement with the University of Toronto.



EUROPE

Continentals analyse the quality of their recovery

CONTINENTAL bourses slipped their leashes and rose with little restraint yesterday, but voices were beginning to be raised about the quality and pace of the recovery, *writes Our Markets Staff.*

PARIS climbed strongly again, triggering some worried remarks about things moving too far and too fast. But at least the attention was not confined to speculative stocks, as it was on Wednesday, and the blue chips got a look in.

The better-than-expected inflation figures from the US helped sentiment, raising hopes of an easing of credit by the Federal Reserve, and together these influences pushed the CAC 40 index up 46.92, or 2.6 per cent, to 1,875.05 and the OMF 50 index 14.51 higher to 518.17.

Turnover was estimated to be about Wednesday's FFr4bn.

Crédit Foncier de France jumped FFr164, or 16 per cent, to FFr1,200, apparently buoyed by talk that pending tax legislation could make its property assets even more attractive.

Perrier had a powerful start, after Wednesday's 14 per cent surge. But it lost some of its speculative fizz when Exor, which holds at least 33 per cent, denied it was planning to sell. Perrier closed FFr32 higher at FFr2,031 after reaching FFr2,125.

Also in the takeover/rumour arena, Navigation Mixte closed FFr4 lower at FFr1,750 after hitting a high of FFr1,830, while Paribas was up FFr11 at FFr635 in active trading. Paribas has announced it was setting up a joint holding company with Lonrho of the UK to share control of the French distribution company Scoa, in which it has a 29.6 per cent stake.

BHV, the department store, dropped FFr44, or 5 per cent, to FFr796 when Proventus of Sweden revealed it had raised its stake from 5.45 per cent to 10.1 per cent, apparently disappointing those who sniffed a takeover in the air.

FRANKFURT looked good as the DAX rose 35.48, or 2.4 per cent to 1,526.60 for a 10 per cent rise over the past three days. The FAZ put on 8.18 to 640.44.

However, the DAX is still 7 per cent lower than 10 days ago. A London market maker said that the big German banks, which took on stock in the crash two years ago, stood back on Monday when the index fell over 200 points, or 13 per cent; there was, accordingly, no supply of stock when buyers came back, and prices shot up again.

Blue chips have moved with the tide but the effect has been uneven, especially on the border between primary and secondary stocks. Continental, the tyre group seen as a takeover prospect, rose DM9.30 to DM352.50 yesterday for a 7 per cent rise since the beginning of the month, against a 3 per cent drop in the market.

Retailing has been a popular sector, with tax cuts and longer shopping hours on the way. But it has its anomalies. Karstadt, a retailer with question marks against its long-term prospects, was DM21 better at DM513 yesterday; at worst, it had fallen 26 per cent from DM685 on September 29 to only DM505 last Monday.

Another retailer to hit trouble yesterday was Asko, DM62 lower at DM765. Asko rejected a magazine report which questioned the authenticity of its profits. The financially-troubled Co-op, in the middle of a capital restructuring period, dropped DM45 to DM40.

ZURICH went off at a gallop in heavy trading, as insurers recovered Wednesday's earthquake losses, and added a sizeable premium. Swiss Re bearers rose SFr1,725, or 9 per cent, to SFr14,700.

Foreign institutions joined Swiss investors as the Crédit Suisse index rose 16.8, or 2.7 per cent, to 633.0. In foods, Jacobs Suchard ended SFr325 higher at SFr6,775. Brown Boveri retained its favoured blue chip rating, up SFr210 at SFr5,380.

AMSTERDAM gained confidence from Wall Street's early strength and the US inflation figures to end 1.9 per cent higher. The CBS tendency index rose 3.6 to 188.6, leaving it just 2 per cent below its close last Friday of 192.8.

Macintosh, the textile retailer that is 56 per cent owned by DSM, the chemical group, lost 80 cents to Fl 48.50 after it emerged that West Germany's Asko had built up an 8.8 per cent stake but did not intend to increase it. Asko was recently rebuffed from an alliance with another Dutch retailer, Ahold, after it revealed a 15 per cent stake in Ahold.

MADRID picked up slightly thanks to better news from the US and a late bout of buying in the electrical utilities. The general index gained 1.62 to 310.35.

BRUSSELS was cautious but managed to end slightly higher, with the cash index adding 129.5 to 6,498.17. Petrofina, whose huge volume on Monday was blamed for the computer breakdown, rose BFr100 to BFr12,300. Computer trading is to begin again next Tuesday.

STOCKHOLM rose strongly, although small investors remained nervous after Monday's plunge. The Affärsvärlden General index gained 16.6, or 1.3 per cent, to 1,272.2.

Foreign demand helped push free B shares in Astra, the pharmaceuticals company, up SKr17, or 5.4 per cent, to SKr332 following positive press reports about Losec, the company's ulcer drug.

Ericsson, the telecommunications group, added SKr25 to SKr804 amid rumours that it was about to receive a large order from the US for its Axe telephone exchange system.

OSLO was boosted by selective buying of blue chips which propelled the all-share index up 12.39, or 2.5 per cent, to 504.0 in busy trading.

COPENHAGEN gained 1.8 per cent amid renewed hopes that the Government would announce corporate tax cuts in the December budget.

SWEDES continued to buy large amounts of overseas shares last month, while foreign investors were net buyers of Swedish shares for the first time since May.

The central Riksbank said Swedes had bought SKr4.03bn worth of shares in September, down from SKr4.40bn in August but up from SKr568m in the same month last year. Swedes have stepped up their buying of overseas shares since January 17, when the bank removed restrictions on foreign purchases.

Foreigners made net purchases of SKr88m.

Golden opportunities fail to materialise

Kenneth Gooding on prospects for gold shares in the light of recent market turmoil

THE REACTION of the gold price – and thus of gold mining shares – to the stock market turmoil of the past few days has disappointed the bulls.

There was only a brief rally in the bullion price to $371 a troy ounce before it fell back to about $365. Gold, which started the year above $400 an ounce, has so far failed to make a sustained break through the psychologically-important $370 level, closing in London yesterday at $368.75.

Not all analysts are gloomy about the long-term fundamentals, but most see little chance of a short-term recovery.

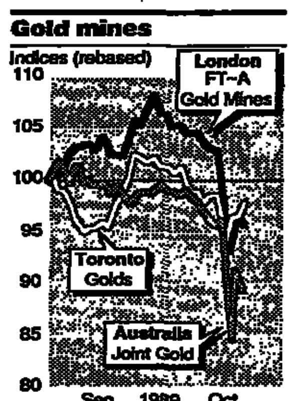
Ms Rhona O'Connell, precious metals analyst at Shearson Lehman Hutton, says that gold has not benefited from a speculative "distress" interest as it did in 1987 because of its sluggish performance over the past year.

"However, it is also bereft of the heavy selling experienced in 1987, when there was selling from holders looking to raise cash for margin calls. In addition, there is nothing like the volume of material available from mine producers this time. On balance, values look likely to stay in a narrow range for the short term," she says.

Mr Robert Weinberg, precious metals specialist at James Capel, says that, this week, "gold did its job again, just as in October 1987. It maintained its value while everything else was plummeting."

However, he cautions against expecting any rush for gold while interest rates are high, and believes that it remains on a downward trend towards the range of $285 to $320 an ounce. "I wish I could find excuses to be bullish about the gold price," he says; "being bearish is bad for business."

There is a small band of analysts, however, that suggests this might be the right time for investors interested in mining stocks to switch from base metals producers, which have been riding the crest of a wave, to gold shares.



At Kleinwort Benson Securities, mining analyst Mr Huw Williams points out that the three key gold share indices – the FT-A Gold (which includes only South African companies), the Toronto Gold Share Index and the Australian Gold Mining Index – seem to have bottomed out this summer.

"Gold itself appears to have little downside risk at current prices and, while the upside might be somewhat restricted in the short term, the market appears to be in equilibrium and the fundamentals are improving."

Mr Williams agrees with most analysts in believing that shares in the main North American gold companies are over-priced at current levels. He says: "Some Australian stocks offer more value and, even more so, some South African shares. But the fundamentals are looking trickier and trickier in South Africa and investors must go for the mines with the low costs." There are also some bargains among second-line North American gold producers, "but these are certainly not for widows and orphans."

What might spark some life back into gold and related shares? According to Mr Gerald Pane, vice president of the bullion department at J P Morgan, three factors might do it.

First, there need to be changes in attitudes towards inflation, and the re-education of investors in North America, Japan and western Europe. Mr Pane recently told the Luxembourg gold dealers' annual conference that, as time passes, "the odds increase that gold's function as an inflation hedge could become more diluted or, even worse, forgotten."

He pointed out that increasing investor sophistication in the industrialised world had seen funds moving into currencies, bonds or other higher-yielding instruments, rather than non-interest bearing gold, even in difficult times.

Second, Mr Pane suggests, there should be a greater effort to develop new gold-related investment products.

There is, lastly, always the possibility that political events could send investors scuttling to buy gold again. Mr Pane suggests that the failure of glasnost in the Soviet Union might have this effect, or a serious threat to the US presidency of Mr George Bush.

SOUTH AFRICA

THE STRONGER bullion price pushed Johannesburg gold stocks higher. Vaal Reefs rose R9, or 3 per cent, to R314.

ASIA PACIFIC

Hunt for bargains helps Nikkei rise again

Tokyo

RENEWED faith in equities and a strong instinct for bargains supported another sharp rise in share prices yesterday that took the Nikkei average well above the level it was at before Monday's collapse, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average climbed steadily throughout the day to close up 266.66 at 35,374.22, not far off its high of 35,392.14. The day's low was 35,129.31. Advances greatly outnumbered declines by 645 to 293 and 186 issues were unchanged.

Turnover rose slightly to 862m shares from 841m on Wednesday. The Topix index of all listed shares gained 22.78 to 2,665.66 and, in London, the ISE/Nikkei 50 index rose 9.17 from the Tokyo close to 2,057.70.

Some institutional investors were still wary, but individuals showed fervent buying interest in a wide range of issues. A wave of buying from newly-launched investment trust funds gave an added boost.

The market still lacked focus, however, and brokers tried to correct this by concentrating on special situations, which attract buying in an uncertain environment. Leading brokers see opportunity in the relative stability of the currency markets and in receding fears of another increase in the official discount rate.

Among issues recommended by the big brokers, those with speculative interest were well received. Companies in the Tokyu group took three places in the top five active stocks. A well-known speculator has already emerged as a leading shareholder in Tokyu Hotel, fanning expectations of further speculative rises in other group company shares.

Tokyu Corp, the railway company at the centre of the group, topped the most actives list with 58.9m shares traded and surged Y190 to a record Y2,270. Tokyu Land, a real estate company, second most active with 27.6m shares, climbed Y40 to Y1,670. Tokyu Construction, fourth on the volumes list, advanced Y20 to Y1,510.

Tokyu's strength also spurred interest in other railways and Odakyu Electric Railway, third most active stock with 26.2m shares traded, jumped Y140 to Y1,920.

Property stocks began to attract buying, as property development and resort building continues throughout the country. Mitsubishi Estate rose Y130 to Y2,300 and Mitsui Real Estate firmed Y100 to Y2,890.

Companies with strong earnings returned to the spotlight. Amada Washino, a machine tool and industrial machinery maker, has attracted popularity recently on its business performance and yesterday gained Y80 to Y1,310.

Osaka saw a shift of interest away from large capital issues to medium-sized railways and housings. The OSE average rose by a sharp 262.74 points to 36,233.76, recovering to well above its October 13 level. Volume rose to 83m shares from Wednesday's 61.9m.

Roundup

UNEXPECTED overnight strength on Wall Street, following the California earthquake, took Asia Pacific markets higher yesterday.

AUSTRALIA took heart and the All Ordinaries index rose 26.7, or 1.6 per cent, to 1,655.9, retracing most of Wednesday's 33.7-point fall.

The December share price index futures contract gave the share market an early upward lead, jumping to an intraday high of 1,650 before closing at 1,648, up 47 on the day. Turnover fell to 101m shares valued at A$211m from 145m and A$354m previously.

Blue chips were the biggest beneficiaries yesterday, while speculative stocks also had another airing as Bell Group jumped 11 cents to 38 cents. Late on Wednesday, the embattled Bond Corp, which already owns about 70 per cent of Bell, offered to buy a 19.9 per cent stake in Bell from the State Government Insurance Commission of Western Australia.

Bond, which had rejected suggestions that it had a negative net worth, offered a cool A$3.18 a share for Bell, with 30 cents payable on January 4 and the balance to be paid out over 10 years starting from January 1992. It said that it would extend the offer to all other shareholders if the insurance commission accepted.

NEW ZEALAND gained 1 per cent, the Barclays index rising 21.87 to 2,159.71 while the December Barclays futures contract rose 50 to 2,175. Trade was thin, with volume totalling a mere 5.9m shares and NZ$12.5m, down from 15.7m and NZ$30.6m. Brierley Investments topped turnover on volume of 1.9m shares, with the stock gaining 4 cents to NZ$2.14.

HONG KONG put on 1.3 per cent, with the Hang Seng index 34.82 higher at 2,663.37, although turnover continued to fall, reaching HK$750m against HK$1.1bn in the previous session and about HK$2bn on Monday and Tuesday.

SINGAPORE saw short covering and bargain-hunting and the Straits Times industrial index rose 26.90, or 2 per cent, to 1,337.12. City Development recovered another 12 cents to S$3.78 after the turmoil on Wednesday, when two directors of the company were charged with criminal offences.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 19 1989						WEDNESDAY OCTOBER 18 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	148.75	+2.4	138.36	127.23	+1.5	5.19	145.21	135.53	125.37	160.41	128.28	149.70
Austria (19)	163.64	−0.6	152.21	157.30	−0.8	1.55	164.59	153.62	158.55	172.22	92.84	94.35
Belgium (63)	141.94	+1.0	132.02	136.69	+1.0	4.05	140.56	131.19	135.36	144.49	125.58	127.23
Canada (122)	151.30	+0.9	140.72	128.62	+0.9	3.19	149.86	139.88	127.41	154.17	124.67	125.42
Denmark (36)	205.34	+2.8	190.98	201.01	+2.5	1.58	199.75	186.43	196.15	219.89	165.35	141.37
Finland (26)	124.97	−0.1	116.24	111.31	−0.3	2.54	125.09	116.75	111.68	159.16	123.12	121.63
France (126)	135.73	+2.4	126.24	133.87	+2.2	2.81	132.60	123.76	130.94	139.94	112.57	103.89
West Germany (97)	98.16	+1.5	91.30	94.51	+1.4	2.17	96.74	90.29	93.22	103.84	79.56	84.40
Hong Kong (48)	112.26	+1.2	104.41	112.54	+1.2	5.02	110.89	103.50	111.18	140.33	86.41	105.76
Ireland (17)	162.70	+0.9	151.32	159.31	+0.9	2.78	161.26	150.51	157.96	166.69	125.00	141.65
Italy (97)	88.71	+0.5	82.51	90.37	+0.4	2.53	88.29	82.41	90.01	98.73	74.97	83.82
Japan (455)	185.61	+0.7	172.64	166.54	+0.9	0.48	184.29	172.01	165.01	200.11	164.22	168.45
Malaysia (36)	198.66	+2.9	184.77	205.81	+2.7	2.58	193.12	180.25	200.37	209.22	143.35	136.93
Mexico (13)	308.11	+0.3	286.57	880.23	+0.3	0.59	307.30	286.82	877.94	326.51	153.32	156.45
Netherland (43)	129.57	+1.8	120.52	123.66	+1.7	4.29	127.33	118.84	121.61	131.72	110.63	108.31
New Zealand (19)	78.90	+1.5	73.38	70.55	+0.8	5.00	77.72	72.54	69.97	88.18	62.64	72.24
Norway (24)	177.68	+3.0	165.26	166.47	+2.7	1.56	172.56	161.06	162.08	198.39	139.92	118.21
Singapore (26)	159.56	+2.2	148.41	143.76	+2.2	2.06	156.06	145.66	140.67	170.62	124.57	120.20
South Africa (60)	145.82	+1.7	135.63	124.76	+1.8	4.57	143.43	133.87	122.53	160.24	115.35	110.71
Spain (43)	159.96	+1.2	148.78	142.87	+1.0	3.66	157.99	147.46	141.47	169.75	143.14	147.53
Sweden (35)	180.65	+2.2	168.02	171.76	+2.0	2.00	176.68	164.90	168.37	188.94	138.45	128.16
Switzerland (64)	89.44	+3.2	83.19	90.03	+3.0	2.10	86.68	80.90	87.38	94.16	67.81	82.45
United Kingdom (306)	142.64	+1.3	132.67	132.67	+1.0	4.58	140.77	131.39	131.39	158.41	133.28	137.45
USA (547)	141.02	+1.6	131.16	141.02	+1.6	3.28	138.84	129.59	138.84	146.29	112.13	115.30
Europe (996)	125.92	+1.6	117.12	119.65	+1.3	3.51	123.99	115.73	118.07	132.95	112.63	112.69
Nordic (121)	168.48	+2.4	156.70	155.43	+2.1	1.83	164.57	153.60	152.23	178.38	137.95	121.32
Pacific Basin (669)	181.41	+0.8	168.73	162.91	+1.0	0.73	179.99	167.99	161.36	194.72	160.44	165.13
Euro−Pacific (1665)	159.31	+1.0	148.17	145.58	+1.1	1.62	157.68	147.17	144.03	166.98	141.56	144.19
North America (669)	141.53	+1.5	131.64	140.25	+1.5	3.27	139.40	130.11	138.14	146.66	112.79	115.83
Europe Ex. UK (690)	114.69	+1.7	106.67	111.51	+1.6	2.77	112.76	105.24	109.77	118.51	96.30	97.21
Pacific Ex. Japan (214)	130.98	+2.0	121.83	117.67	+1.5	4.81	128.36	119.81	115.96	140.05	111.93	125.15
World Ex. US (1860)	158.99	+1.0	147.88	145.05	+1.1	1.70	157.36	146.87	143.50	166.35	141.49	143.22
World Ex. UK (2101)	152.40	+1.2	141.74	144.71	+1.3	1.99	150.59	140.56	142.91	156.04	138.98	131.89
World Ex. So. Af. (2347)	151.54	+1.2	140.95	143.70	+1.2	2.20	149.74	139.76	141.95	155.92	136.67	132.50
World Ex. Japan (1952)	135.43	+1.6	125.96	131.93	+1.5	3.43	133.35	124.46	130.04	140.43	114.51	115.10
The World Index (2407)	151.50	+1.2	140.91	143.57	+1.2	2.21	149.70	139.72	141.82	155.89	136.68	132.37

Constituent change 19/10/89: Name change: Suomen Sokeri to Cultor (Finland).